

# **Grade 11 Accounting Essentials (30S)**

A Course for Independent Study

Field Validation Version





GRADE 11 ACCOUNTING  
ESSENTIALS (30S)

A Course for Independent Study

Field Validation Version

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Available in alternate formats upon request.



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GRADE 11 ACCOUNTING  
ESSENTIALS (30S)

Introduction





# INTRODUCTION

## Overview

Welcome to Grade 11 Accounting Essentials. In this course you will be introduced to the world of accounting and you will work through the steps of the accounting cycle for a service business. Students interested in a career in accounting, or students who may one day own their own business, are encouraged to take Accounting Essentials as the skills learned will transfer easily to most business careers.

As a student enrolled in a distance learning course, you have taken on a dual role—that of a student and a teacher. As a student, you are responsible for mastering the lessons and completing the learning activities and assignments. As a teacher, you are responsible for checking your work carefully, noting areas in which you need to improve and motivating yourself to succeed.

## What Kind of Course Is Accounting Essentials?

Before diving into this course, it will help to understand what type of course it is. When you take a class like Physics 30S, you know it is a Science course. How about Grade 11 Accounting Essentials (30S)? Where does it belong? What type of course is it?

Grade 11 Accounting Essentials is part of the applied commerce education (ACE) cluster of courses. ACE consists of 14 optional courses for high school students interested in pursuing a career in a commerce-related field such as economics, entrepreneurship, business, marketing, technology, and finance.

Each course within ACE is an excellent option for anyone wanting to understand more about their role in the global economy. These courses are extremely valuable in helping you develop the skills you will need to be an effective leader, innovator, citizen, consumer, and employee.

ACE courses, especially Grade 11 Accounting Essentials, help students in other areas of their personal and academic life too. Students in a variety of Manitoba schools have mentioned how ACE courses helped them with their roles in student council, philanthropy groups, sports teams, youth groups, and so on. They have also said how ACE courses have helped them succeed in their other courses. Specifically, students who have taken Grade 11 Accounting Essentials have discovered that what they learned in this course helped them in other courses such as the visual arts, and English language arts.

## What Are the Other ACE Courses?

Thirteen of the 14 ACE courses are categorized into four strands:

- **Finance strand** focuses on personal finances, accounting, and economics
- **Entrepreneurship strand** focuses on entrepreneurship, and the development and management of business
- **Commerce strand** focuses on promotions, retailing, marketing, and e-commerce
- **Technologies, Topics, and Trends strand** focuses on business communications, technology, topics, and trends

The 14th course is a stand-alone course, Grade 9 Business Innovations (10S). This course offers students the opportunity to explore commerce-related topics, such as economics, entrepreneurship, business, marketing, technology, and finance. The Grade 9 stand-alone course is a suggested introduction to the courses offered in each of the four strands.

Here is a list of all the courses within each of the strands.

Applied Commerce Education			
All Strands: Grade 9 Business Innovations 10S			
Finance Strand	Entrepreneurship Strand	Commerce Strand	Technologies, Topics, and Trends Strand
Personal Finance 20S	Entrepreneurship 20S	Creative Promotions 20S	Business Communications 30S
Accounting Essentials 30S	Venture Development 30S	Retailing Perspectives 30S	Applied Business Technologies 40S
Accounting Systems 40S	Business Management 40S	Marketing and Digital Commerce 40S	Topics and Trends in Business 40S
Economic Principles 40S			

You can find more information on these courses at [www.edu.gov.mb.ca/k12/cur/teched/ace\\_framework/index.html](http://www.edu.gov.mb.ca/k12/cur/teched/ace_framework/index.html). If you are interested in taking some of them, then you might be able to do so through the Independent Study Option or your high school (if you are attending school).

As you can see, Grade 11 Accounting Essentials is part of the **Finance Strand**, which focuses on personal finance, accounting, and economics.

## What Will You Learn in This Course?

In this course, you will complete the steps of the accounting cycle, including: interpreting source documents, journalizing business transactions, posting to the ledger, preparing a trial balance, creating financial statements, and closing the books. These are steps needed to “complete the books” for a service business.

## How Is This Course Organized?

The Grade 11 Accounting Essentials course consists of the following nine modules:

- Module 1: Introduction to Accounting Essentials
- Module 2: Debits and Credits
- Module 3: The Income Statement
- Module 4: Journals and Ledgers—Keeping Track of It All
- Module 5: Subsidiary Ledgers
- Module 6: The Worksheet
- Module 7: Cash Control
- Module 8: Payroll
- Module 9: Recording Adjustments

Each module in this course consists of several lessons, which contain the following components:

- **Lesson Focus:** The Lesson Focus at the beginning of each lesson identifies one or more specific learning outcomes (SLOs) that are addressed in the lesson. The SLOs identify the knowledge and skills you should have achieved by the end of the lesson.
- **Introduction:** Each lesson begins with an explanation of what you will be learning in that lesson.
- **Lesson:** The main body of the lesson consists of the content that you need to learn. It contains text, explanations, images, and diagrams.
- **Learning Activities:** Most lessons include one or more learning activities that will help you learn about the lesson topics and prepare you for the assignments, the midterm examination, and the final examination. Once you complete a learning activity, check your responses against those provided in the Learning Activity Answer Key found at the end of each module. You will not submit the completed learning activities to the Distance Learning Unit.

- **Assignments:** Assignments are found at the end of each module. You will mail or electronically submit all your completed assignments to the Distance Learning Unit for assessment at the end of each module. In total, all assignments are worth 50 percent of your final course mark
- **Key Words/Glossary Terms:** This list identifies the important words that are used in the lesson. The key words are highlighted in bold within the text and identified by key word icons. They are defined in the Glossary at the end of the course
- **Summary:** Each lesson ends with a brief review of what you just learned.

This course also includes the following section:

- **Glossary:** The Glossary at the end of the course provides definitions for an alphabetical list of the terms identified by **key word** icons throughout the course. You can use the Glossary to review terms used in the course.

## What Resources Will You Need for This Course?

You do not need a textbook for this course. All the content is fully developed directly within the course. You will, however, need access to a variety of resources.

You will require access to an email account if you plan to

- communicate with your tutor/marker by email
- use the learning management system (LMS) to submit your completed assignments

The required and optional resources for this course are identified below.

### Required Resources

For this course, you will need the following electronic resource(s). If you do not have access to the Internet, or if you need a copy of the resource(s), contact the Distance Learning Unit at 1-800-465-9915.

- **Microsoft Excel Files:** Throughout this course, you will need Excel data files to complete the learning activities, the assignments, the midterm examination, and the final examination. These files are available in the learning management system (LMS). If you do not have access to the Internet, or if you need a copy of the files, contact the Distance Learning Unit at 1-800-465-9915.

## Optional Resources

It would be helpful if you had access to the following resources.

- **Printer:** With access to a printer, you could make a copy of your assignments before submitting them so that if your tutor/marker wants to discuss an assignment with you over the phone, each of you will have a copy. It would also allow you to continue studying or to complete further lessons while your original work is with the tutor/marker. Printing your assignments will also ensure that you keep a copy in case the originals are lost.
- **Calculator:** Access to a calculator would be beneficial.

## Who Can Help You with This Course?

Taking an independent study course is different from taking a course in a classroom. Instead of relying on the teacher to tell you to complete a learning activity or an assignment, you must tell yourself to be responsible for your learning and for meeting deadlines. There are, however, two people who can help you be successful in this course: your tutor/marker and your learning partner.

### Your Tutor/Marker



Tutor/markers are experienced educators who tutor independent students and mark assignments and examinations. When you are having difficulty with something in this course, be sure to contact your tutor/marker, who is there to help you. Your tutor/marker's name and contact information were sent to you with this course. Your tutor/marker information is also available in the learning management system (LMS).

### Your Learning Partner



A learning partner is someone **you choose** who will help you learn. It may be someone who knows something about accounting, but it doesn't have to be. A learning partner could be someone else who is taking this course, a teacher, a parent or guardian, a sibling, a friend, or anybody else who can help you. Most importantly, a learning partner should be someone with whom you feel comfortable and who will support you as you work through this course.

Your learning partner can help keep you on schedule with your coursework, read the course with you, check your work, look at and respond to your learning activities, or help you make sense of assignments. You may even study for your examinations with your learning partner. If you and your learning partner are taking the same course, however, your assignment work should not be identical.

## How Will You Know How Well You Are Learning?

You will know how well you are learning in this course by how well you complete the learning activities, assignments, and examinations.

### Learning Activities



The learning activities will help you to review and practise what you have learned in the lessons. You will **not** submit the completed learning activities to the Distance Learning Unit. Instead, you will complete the learning activities and compare your responses to those provided in the Learning Activity Answer Key found at the end of each module.

Make sure you complete the learning activities. Doing so will not only help you to practise what you have learned, but will also prepare you to complete your assignments and the examinations successfully. Many of the questions on the examinations will be similar to the questions in the learning activities. Remember that **you will not submit learning activities to the Distance Learning Unit.**

### Assignments



Each module in this course contains assignments, which you will complete and submit to the Distance Learning Unit for assessment. The assignments are worth a total of **50 percent** of your final course mark.

The tutor/marker will mark your assignments and return them to you. Remember to keep all marked assignments until you have finished the course so that you can use them to study for your examinations.

### Midterm and Final Examinations



This course contains a midterm examination and a final examination.

- The **midterm examination** is based on Modules 1 to 4, and is worth 25 percent of your final mark in this course. You will write the midterm examination when you have completed Module 4.
- The **final examination** is based on Modules 1 to 9, and is worth 25 percent of your final mark in this course. You will write the final examination when you have completed Module 9

The two examinations are worth a total of **50 percent** of your final course mark. You will write both examinations under supervision.

To do well on each examination, you should review all the work you have completed from the modules, including all learning activities and assignments.

The questions on the examinations are set up exactly like the learning activities and the assignments. In other words, you will be asked to do the same tasks on three separate occasions—on the learning activities, on the assignments, and on the examinations.

### **Requesting Your Examinations**

You are responsible for making arrangements to have the examinations sent to your proctor from the Distance Learning Unit. Please make arrangements before you finish Module 4 to write the midterm examination. Likewise, you should begin arranging for your final examination before you finish Module 9.

To write your examinations, you need to make the following arrangements:

- **If you are attending school**, your examination will be sent to your school as soon as all the applicable assignments have been submitted. You should make arrangements with your school's Independent Study Option (ISO) school facilitator to determine a date, time, and location to write the examination.
- **If you are not attending school**, check the **Examination Request Form** for options available to you. Examination Request Forms can be found on the Distance Learning Unit's website, or look for information in the learning management system (LMS). **Two weeks before** you are ready to write the examination, fill in the Examination Request Form and mail, fax, or email it to

Distance Learning Unit  
500-555 Main Street  
P.O. Box 2020  
Winkler, MB R6W 4B8  
Fax: 204-325-1719  
Toll-Free Telephone: 1-800-465-9915  
Email: [distance.learning@gov.mb.ca](mailto:distance.learning@gov.mb.ca)

## How Much Time Will You Need to Complete This Course?

Learning through independent study has several advantages over learning in the classroom. You are in charge of how you learn and you can choose how quickly you will complete the course. You can read as many lessons as you wish in a single session. You do not have to wait for your teacher or classmates.

From the date of your registration, you have a maximum of **12 months** to complete this course, but the pace at which you proceed is up to you. Read the following charts for suggestions on how to pace yourself.

### Chart A: Semester 1

If you want to start the course in September and complete it in January, you can follow the timeline suggested below.

Module	Completion Date
Module 1	Middle of September
Module 2	End of September
Module 3	Middle of October
Module 4	End of October
Midterm Examination	Middle of November
Module 5	End of November
Module 6	Middle of December
Module 7	End of December
Module 8	Middle of January
Module 9	End of January
Final Examination	End of January



## Chart B: Semester 2

If you want to start the course in February and complete it in May, you can follow the timeline suggested below.

<b>Module</b>	<b>Completion Date</b>
Module 1	Beginning of February
Module 2	Middle of February
Module 3	End of February
Module 4	Beginning of March
Midterm Examination	Middle of March
Module 5	End of March
Module 6	Beginning of April
Module 7	Middle of April
Module 8	End of April
Module 9	Beginning of May
Final Examination	Middle of May

## Chart C: Full School Year (Not Semestered)

If you want to start the course in September and complete it in May, you can follow the timeline suggested below.

<b>Module</b>	<b>Completion Date</b>
Module 1	End of September
Module 2	End of October
Module 3	End of November
Module 4	End of December
Midterm Examination	Middle of January
Module 5	End of January
Module 6	Middle of February
Module 7	End of February
Module 8	End of March
Module 9	End of April
Final Examination	Middle of May

## Timelines

Do not wait until the last minute to complete your work, since your tutor/ marker may not be available to mark it immediately. It may take a few weeks for your tutor/marker to assess your work and return it to you.



If you need this course to graduate this school year, all coursework must be received by the Distance Learning Unit on or before the first Friday in May, and all examinations must be received by the Distance Learning Unit on or before the last Friday in May. Any coursework or examinations received after these deadlines may not be processed in time for a June graduation. Assignments or examinations submitted after these recommended deadlines will be processed and marked as they are received.

## When and How Will You Submit Completed Assignments?

### When to Submit Assignments

While working on this course, you will submit completed assignments to the Distance Learning Unit nine times. The following chart shows you exactly what assignments you will be submitting at the end of each module.

Submission of Assignments	
Submission	Assignments You Will Submit
1	<b>Module 1: Introduction to Accounting Essentials</b> Module 1 Cover Sheet Assignment 1.1
2	<b>Module 2: Debits and Credits</b> Module 2 Cover Sheet Assignment 2.1
3	<b>Module 3: The Income Statement</b> Module 3 Cover Sheet Assignment 3.1
4	<b>Module 4: Journals and Ledgers—Keeping Track of It All</b> Module 4 Cover Sheet Assignment 4.1
5	<b>Module 5: Subsidiary Ledgers</b> Module 5 Cover Sheet Assignment 5.1
6	<b>Module 6: The Worksheet</b> Module 6 Cover Sheet Assignment 6.1
7	<b>Module 7: Cash Control</b> Module 7 Cover Sheet Assignment 7.1
8	<b>Module 8: Payroll</b> Module 8 Cover Sheet Assignment 8.1
9	<b>Module 9: Recording Adjustments</b> Module 9 Cover Sheet Assignment 9.1

## How to Submit Assignments



In this course, you have the choice of submitting your assignments either by mail or electronically.

- **Mail:** Each time you **mail** something, you must include the print version of the applicable Cover Sheet (found at the end of this Introduction). Complete the information at the top of each Cover Sheet before submitting it along with your assignments.
- **Electronic submission:** You do not need to include a cover sheet when submitting assignments electronically.

### Submitting Your Assignments by Mail

If you choose to mail your completed assignments, please photocopy all the materials first so that you will have a copy of your work in case your package goes missing. You will need to place the applicable module Cover Sheet and assignment(s) in an envelope, and address it to

Distance Learning Unit  
500-555 Main Street  
P.O. Box 2020  
Winkler MB R6W 4B8

Your tutor/marker will mark your work and return it to you by mail.

### Submitting Your Assignments Electronically

Assignment submission options vary by course. Sometimes assignments can be submitted electronically and sometimes they must be submitted by mail. Specific instructions on how to submit assignments were sent to you with this course. In addition, this information is available in the learning management system (LMS).

If you are submitting assignments electronically, make sure you have saved copies of them before you send them. That way, you can refer to your assignments when you discuss them with your tutor/marker. Also, if the original hand-in assignments are lost, you are able to resubmit them.

Your tutor/marker will mark your work and return it to you electronically.



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The Distance Learning Unit does not provide technical support for hardware-related issues. If troubleshooting is required, consult a professional computer technician.

## What Are the Guide Graphics For?

Guide graphics are used throughout this course to identify and guide you in specific tasks. Each graphic has a specific purpose, as described below.



**Accounting Standard:** These accounting standards are known across Canada and must be remembered.



**Assignment/Written Assignment:** Complete an assignment. You will submit your completed assignments to the Distance Learning Unit for assessment at the end of every module.



**Examination:** Write your midterm or final examination at this time.



**Key Word:** Note that a new important term is being explained. The term is defined in the Glossary.



**Learning Activity:** Complete a learning activity. This will help you to review or practise what you have learned and to prepare for an assignment or an examination. You will not submit learning activities to the Distance Learning Unit. Instead, you will compare your responses to those provided in the Learning Activity Answer Key found at the end of the applicable module.



**Learning Partner:** Ask your learning partner to help you with this task.



**Mail or Electronic Submission:** Mail or electronically submit your completed assignment(s) to the Distance Learning Unit for assessment at this time.



**Note:** Take note of and remember this important information or reminder.



**Phone Your Tutor/Marker:** Telephone your tutor/marker.

**Remember:** If you have questions or need help at any point during this course, contact your tutor/marker or ask your learning partner for help.

Good luck with the course!

# GRADE 11 ACCOUNTING ESSENTIALS (30S)

## Module 1 Cover Sheet

Please complete this sheet and place it on top of your assignments to assist in proper recording of your work. Submit the package to:

### Drop-off/Courier Address

Distance Learning Unit  
555 Main Street  
Winkler MB R6W 1C4

### Mailing Address

Distance Learning Unit  
500-555 Main Street  
PO Box 2020  
Winkler MB R6W 4B8

### Contact Information

Legal Name: \_\_\_\_\_ Preferred Name: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City/Town: \_\_\_\_\_ Postal Code: \_\_\_\_\_

Attending School:  No  Yes

School Name: \_\_\_\_\_

Has your contact information changed since you registered for this course?  No  Yes

**Note:** Please keep a copy of your assignments so that you can refer to them when you discuss them with your tutor/marker.

For Student Use	For Office Use Only	
<b>Module 1 Assignments</b> Which of the following are completed and enclosed? Please check (✓) all applicable boxes below.  <input type="checkbox"/> Assignment 1.1 <input type="checkbox"/> Word File "Mod 1 A1" <input type="checkbox"/> Excel File "Mod 1 A1"	<b>Attempt 1</b>  Date Received  _____/30  <b>Total: ____ /30</b>	<b>Attempt 2</b>  Date Received  _____/30  <b>Total: ____ /30</b>
For Tutor/Marker Use		
<b>Remarks:</b>          		



# GRADE 11 ACCOUNTING ESSENTIALS (30S)

## Module 2 Cover Sheet

Please complete this sheet and place it on top of your assignments to assist in proper recording of your work. Submit the package to:

### Drop-off/Courier Address

Distance Learning Unit  
555 Main Street  
Winkler MB R6W 1C4

### Mailing Address

Distance Learning Unit  
500-555 Main Street  
PO Box 2020  
Winkler MB R6W 4B8

### Contact Information

Legal Name: \_\_\_\_\_ Preferred Name: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City/Town: \_\_\_\_\_ Postal Code: \_\_\_\_\_

Attending School:  No  Yes

School Name: \_\_\_\_\_

Has your contact information changed since you registered for this course?  No  Yes

**Note:** Please keep a copy of your assignments so that you can refer to them when you discuss them with your tutor/marker.

For Student Use	For Office Use Only	
<p><b>Module 2 Assignments</b></p> <p>Which of the following are completed and enclosed? Please check (✓) all applicable boxes below.</p> <p><input type="checkbox"/> Assignment 2.1</p> <p><input type="checkbox"/> Excel File "Mod 2 A1"</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> T-Accounts</li> <li><input type="checkbox"/> Trial Balance</li> <li><input type="checkbox"/> Balance Sheet</li> </ul>	<p><b>Attempt 1</b></p> <hr/> <p>Date Received</p> <p>_____ /25</p>    <p><b>Total: ____ /25</b></p>	<p><b>Attempt 2</b></p> <hr/> <p>Date Received</p> <p>_____ /25</p>    <p><b>Total: ____ /25</b></p>
For Tutor/Marker Use		
<p><b>Remarks:</b></p>		





# GRADE 11 ACCOUNTING ESSENTIALS (30S)

## Module 3 Cover Sheet

Please complete this sheet and place it on top of your assignments to assist in proper recording of your work. Submit the package to:

### Drop-off/Courier Address

Distance Learning Unit  
555 Main Street  
Winkler MB R6W 1C4

### Mailing Address

Distance Learning Unit  
500-555 Main Street  
PO Box 2020  
Winkler MB R6W 4B8

### Contact Information

Legal Name: \_\_\_\_\_ Preferred Name: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City/Town: \_\_\_\_\_ Postal Code: \_\_\_\_\_

Attending School:  No  Yes

School Name: \_\_\_\_\_

Has your contact information changed since you registered for this course?  No  Yes

**Note:** Please keep a copy of your assignments so that you can refer to them when you discuss them with your tutor/marker.

For Student Use	For Office Use Only	
<p><b>Module 3 Assignments</b></p> <p>Which of the following are completed and enclosed? Please check (✓) all applicable boxes below.</p> <p><input type="checkbox"/> Assignment 3.1</p> <p><input type="checkbox"/> Excel File "Mod 3 A1"</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> T-Accounts</li> <li><input type="checkbox"/> Trial Balance</li> <li><input type="checkbox"/> Income Statement</li> <li><input type="checkbox"/> Balance Sheet</li> </ul>	<p><b>Attempt 1</b></p> <p>_____</p> <p>Date Received</p> <p>_____ /35</p> <p><b>Total: ____ /35</b></p>	<p><b>Attempt 2</b></p> <p>_____</p> <p>Date Received</p> <p>_____ /35</p> <p><b>Total: ____ /35</b></p>
For Tutor/Marker Use		
<p><b>Remarks:</b></p>    		







# GRADE 11 ACCOUNTING ESSENTIALS (30S)

## Module 5 Cover Sheet

Please complete this sheet and place it on top of your assignments to assist in proper recording of your work. Submit the package to:

### Drop-off/Courier Address

Distance Learning Unit  
555 Main Street  
Winkler MB R6W 1C4

### Mailing Address

Distance Learning Unit  
500-555 Main Street  
PO Box 2020  
Winkler MB R6W 4B8

### Contact Information

Legal Name: \_\_\_\_\_ Preferred Name: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City/Town: \_\_\_\_\_ Postal Code: \_\_\_\_\_

Attending School:  No  Yes

School Name: \_\_\_\_\_

Has your contact information changed since you registered for this course?  No  Yes

**Note:** Please keep a copy of your assignments so that you can refer to them when you discuss them with your tutor/marker.

For Student Use	For Office Use Only	
<p><b>Module 5 Assignments</b></p> <p>Which of the following are completed and enclosed? Please check (✓) all applicable boxes below.</p> <p><input type="checkbox"/> Assignment 5.1</p> <p><input type="checkbox"/> Excel File "Mod 5 A1"</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> General Journal</li> <li><input type="checkbox"/> General Ledger</li> <li><input type="checkbox"/> Accounts Receivable Subsidiary Ledger</li> <li><input type="checkbox"/> Accounts Payable Subsidiary Ledger</li> <li><input type="checkbox"/> Schedule of Accounts Receivable</li> <li><input type="checkbox"/> Schedule of Accounts Payable</li> <li><input type="checkbox"/> Trial Balance</li> </ul>	<p><b>Attempt 1</b></p> <p>_____</p> <p>Date Received</p> <p>_____ /45</p> <p><b>Total: ____ /45</b></p>	<p><b>Attempt 2</b></p> <p>_____</p> <p>Date Received</p> <p>_____ /45</p> <p><b>Total: ____ /45</b></p>
For Tutor/Marker Use		
<p><b>Remarks:</b></p>   		



# GRADE 11 ACCOUNTING ESSENTIALS (30S)

## Module 6 Cover Sheet

Please complete this sheet and place it on top of your assignments to assist in proper recording of your work. Submit the package to:

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Winkler MB R6W 1C4

**Mailing Address**

Distance Learning Unit  
500-555 Main Street  
PO Box 2020  
Winkler MB R6W 4B8

**Contact Information**

Legal Name: \_\_\_\_\_ Preferred Name: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City/Town: \_\_\_\_\_ Postal Code: \_\_\_\_\_

Attending School:     No     Yes

School Name: \_\_\_\_\_

Has your contact information changed since you registered for this course?     No     Yes

**Note:** Please keep a copy of your assignments so that you can refer to them when you discuss them with your tutor/marker.

For Student Use	For Office Use Only							
<p><b>Module 6 Assignments</b></p> <p>Which of the following are completed and enclosed? Please check (✓) all applicable boxes below.</p> <p><input type="checkbox"/> Assignment 6.1</p> <p style="margin-left: 20px;"><input type="checkbox"/> Excel File "Mod 6 A1"</p> <table style="margin-left: 40px; width: 80%;"> <tr> <td><input type="checkbox"/> Worksheet</td> <td><input type="checkbox"/> General Journal</td> </tr> <tr> <td><input type="checkbox"/> Income Statement</td> <td><input type="checkbox"/> General Ledger</td> </tr> <tr> <td><input type="checkbox"/> Balance Sheet</td> <td><input type="checkbox"/> Post-Closing Trial Balance</td> </tr> </table>	<input type="checkbox"/> Worksheet	<input type="checkbox"/> General Journal	<input type="checkbox"/> Income Statement	<input type="checkbox"/> General Ledger	<input type="checkbox"/> Balance Sheet	<input type="checkbox"/> Post-Closing Trial Balance	<p><b>Attempt 1</b></p> <hr style="width: 80%; margin: 0 auto;"/> <p>Date Received</p> <p style="text-align: center;">_____ /35</p>    <p><b>Total: ____ /35</b></p>	<p><b>Attempt 2</b></p> <hr style="width: 80%; margin: 0 auto;"/> <p>Date Received</p> <p style="text-align: center;">_____ /35</p>    <p><b>Total: ____ /35</b></p>
<input type="checkbox"/> Worksheet	<input type="checkbox"/> General Journal							
<input type="checkbox"/> Income Statement	<input type="checkbox"/> General Ledger							
<input type="checkbox"/> Balance Sheet	<input type="checkbox"/> Post-Closing Trial Balance							
For Tutor/Marker Use								
<p><b>Remarks:</b></p>								





# GRADE 11 ACCOUNTING ESSENTIALS (30S)

## Module 7 Cover Sheet

Please complete this sheet and place it on top of your assignments to assist in proper recording of your work. Submit the package to:

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555 Main Street  
Winkler MB R6W 1C4

**Mailing Address**

Distance Learning Unit  
500-555 Main Street  
PO Box 2020  
Winkler MB R6W 4B8

**Contact Information**

Legal Name: \_\_\_\_\_ Preferred Name: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City/Town: \_\_\_\_\_ Postal Code: \_\_\_\_\_

Attending School:     No     Yes

School Name: \_\_\_\_\_

Has your contact information changed since you registered for this course?     No     Yes

**Note:** Please keep a copy of your assignments so that you can refer to them when you discuss them with your tutor/marker.

For Student Use	For Office Use Only	
<p><b>Module 7 Assignments</b></p> <p>Which of the following are completed and enclosed? Please check (✓) all applicable boxes below.</p> <p><input type="checkbox"/> Assignment 7.1</p> <p style="margin-left: 20px;"><input type="checkbox"/> Excel File "Mod 7 A1"</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> General Journal</li> <li><input type="checkbox"/> Petty Cash Summary</li> <li><input type="checkbox"/> Bank Reconciliation Statement</li> </ul>	<p><b>Attempt 1</b></p> <hr style="width: 80%; margin: 0 auto;"/> <p style="font-size: small;">Date Received</p> <p style="text-align: center;">_____ /40</p>    <p><b>Total: ____ /40</b></p>	<p><b>Attempt 2</b></p> <hr style="width: 80%; margin: 0 auto;"/> <p style="font-size: small;">Date Received</p> <p style="text-align: center;">_____ /40</p>    <p><b>Total: ____ /40</b></p>
For Tutor/Marker Use		
<p><b>Remarks:</b></p>		



# GRADE 11 ACCOUNTING ESSENTIALS (30S)

## Module 8 Cover Sheet

Please complete this sheet and place it on top of your assignments to assist in proper recording of your work. Submit the package to:

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555 Main Street  
Winkler MB R6W 1C4

### Mailing Address

Distance Learning Unit  
500-555 Main Street  
PO Box 2020  
Winkler MB R6W 4B8

### Contact Information

Legal Name: \_\_\_\_\_ Preferred Name: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City/Town: \_\_\_\_\_ Postal Code: \_\_\_\_\_

Attending School:  No  Yes

School Name: \_\_\_\_\_

Has your contact information changed since you registered for this course?  No  Yes

**Note:** Please keep a copy of your assignments so that you can refer to them when you discuss them with your tutor/marker.

For Student Use	For Office Use Only	
<b>Module 8 Assignments</b> Which of the following are completed and enclosed? Please check (✓) all applicable boxes below.  <input type="checkbox"/> Assignment 8.1 <input type="checkbox"/> Excel File "Mod 8 A1" <ul style="list-style-type: none"><li><input type="checkbox"/> Payroll Register</li><li><input type="checkbox"/> General Journal</li></ul>	<b>Attempt 1</b>  _____ Date Received  _____/25  <b>Total: ____ /25</b>	<b>Attempt 2</b>  _____ Date Received  _____/25  <b>Total: ____ /25</b>
For Tutor/Marker Use		
<b>Remarks:</b>          		



# GRADE 11 ACCOUNTING ESSENTIALS (30S)

## Module 9 Cover Sheet

Please complete this sheet and place it on top of your assignments to assist in proper recording of your work. Submit the package to:

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Distance Learning Unit  
555 Main Street  
Winkler MB R6W 1C4

### Mailing Address

Distance Learning Unit  
500-555 Main Street  
PO Box 2020  
Winkler MB R6W 4B8

### Contact Information

Legal Name: \_\_\_\_\_ Preferred Name: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City/Town: \_\_\_\_\_ Postal Code: \_\_\_\_\_

Attending School:  No  Yes

School Name: \_\_\_\_\_

Has your contact information changed since you registered for this course?  No  Yes

**Note:** Please keep a copy of your assignments so that you can refer to them when you discuss them with your tutor/marker.

For Student Use	For Office Use Only	
<p><b>Module 9 Assignments</b></p> <p>Which of the following are completed and enclosed? Please check (✓) all applicable boxes below.</p> <p><input type="checkbox"/> Assignment 9.1</p> <p><input type="checkbox"/> Excel File "Mod 9 A1"</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Journal (Clean Sweep)</li> <li><input type="checkbox"/> Worksheet (Snips Hair Care)</li> <li><input type="checkbox"/> Journal (Snips Hair Care)</li> </ul>	<p><b>Attempt 1</b></p> <p>_____</p> <p>Date Received</p> <p>_____ /40</p> <p><b>Total: ____ /40</b></p>	<p><b>Attempt 2</b></p> <p>_____</p> <p>Date Received</p> <p>_____ /40</p> <p><b>Total: ____ /40</b></p>
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GRADE 11 ACCOUNTING  
ESSENTIALS (30S)

Module 1  
Introduction to  
Accounting Principles



# MODULE 1: INTRODUCTION TO ACCOUNTING PRINCIPLES

## Introduction

This module is your first exposure to the field of accounting. You will learn why accounting is needed for all types of businesses and then move on to the accounting equation, an accounting staple that you will not only use throughout the rest of this course, but in all accounting courses. Once you understand the accounting equation, you will be able to apply your learning to create your first financial statement—the balance sheet. The balance sheet is a basic statement that all businesses must prepare on a regular basis. You will then see how everyday business transactions affect the financial picture of a business.

As you work through the module, you will develop the ability to understand and use accounting information effectively. You will also actively explore accounting by using computer applications. Computers enable you to perform mathematical and repetitive tasks more easily, and allow you to prepare accurate financial statements more quickly.

Each lesson begins with a lesson focus (an explanation of what you will be learning) in the lesson. Explore these concepts further in each lesson by collaborating with your study partner, your peers, and adults working in the accounting profession.

There are learning activities at the end of each lesson. The learning activities will help you prepare for the assignment.

Keep in mind that the lessons in the module are organized the way that they are for a reason. Everything you learn will build on the previous lessons. This course is skills based; therefore, if you do not understand a concept, it will affect your ability to do well in the rest of the course. If you study geography, you might fail a test about the Canadian provinces, but still do well on a test about Manitoba municipalities. Accounting does not work this way. All the skills you learn will be needed in later modules and even in other courses. It is essential that you complete all learning activities and review all concepts before moving on. The examinations are based on all learning activities and assignments.

## Assignments in Module 1

When you have completed the assignment for Module 1, submit your completed assignment to the Distance Learning Unit either by mail or electronically through the learning management system (LMS). The staff will forward your work to your tutor/marker.

<b>Lesson</b>	<b>Assignment</b>	<b>Marks</b>
3	Assignment 1.1	30

## LESSON 1: RESOURCE DISTRIBUTION

### Lesson Focus

By the end of this lesson, you should be able to

- understand the importance of accounting
- understand the need for and purpose of the accounting equation
- identify assets, liabilities, and owner's equity
- calculate total assets, total liabilities, and owner's equity
- calculate the third missing element of the equation when two elements are given

### Introduction

This lesson describes the relationship of assets, liabilities, and owner's equity to the fundamental **accounting equation**. This equation forms the basis of accounting.

### What Kind of Course Is Accounting Essentials?

Before diving into this course, it will help to understand what type of course it is. When you take a class like Physics 30S, you know it is a Science course. How about Grade 11 Accounting Essentials (30S)? Where does it belong? What type of course is it?

Grade 11 Accounting Essentials is part of the applied commerce education (ACE) cluster of courses. ACE consists of 14 optional courses for high school students interested in pursuing a career in a commerce-related field such as economics, entrepreneurship, business, marketing, technology, and finance.

Each course within ACE is an excellent option for anyone wanting to understand more about their role in the global economy. These courses are extremely valuable in helping you develop the skills you will need to be an effective leader, innovator, citizen, consumer, and employee.

ACE courses, especially Grade 11 Accounting Essentials, help students in other areas of their personal and academic life too. Students in a variety of Manitoba schools have mentioned how ACE courses helped them with their roles in student council, philanthropy groups, sports teams, youth groups, and so on. They have also said how ACE courses have helped them succeed in their other courses. Specifically, students who have taken Grade 11 Accounting Essentials have discovered that what they learned in this course helped them in other courses such as the visual arts, and English language arts.

## What Are the Other ACE Courses?

Thirteen of the 14 ACE courses are categorized into four strands:

- **Finance strand** focuses on personal finances, accounting, and economics
- **Entrepreneurship strand** focuses on entrepreneurship, and the development and management of business
- **Commerce strand** focuses on promotions, retailing, marketing, and e-commerce
- **Technologies, Topics, and Trends strand** focuses on business communications, technology, topics, and trends

The 14th course is a stand-alone course, Grade 9 Business Innovations (10S). This course offers students the opportunity to explore commerce-related topics, such as economics, entrepreneurship, business, marketing, technology, and finance. The Grade 9 stand-alone course is a suggested introduction to the courses offered in each of the four strands.

Here is a list of all the courses within each of the strands.

<b>Applied Commerce Education</b>			
<b>All Strands: Grade 9 Business Innovations 10S</b>			
<b>Finance Strand</b>	<b>Entrepreneurship Strand</b>	<b>Commerce Strand</b>	<b>Technologies, Topics, and Trends Strand</b>
Personal Finance 20S	Entrepreneurship 20S	Creative Promotions 20S	Business Communications 30S
Accounting Essentials 30S	Venture Development 30S	Retailing Perspectives 30S	Applied Business Technologies 40S
Accounting Systems 40S	Business Management 40S	Marketing and Digital Commerce 40S	Topics and Trends in Business 40S
Economic Principles 40S			

You can find more information on these courses at [www.edu.gov.mb.ca/k12/cur/teched/ace\\_framework/index.html](http://www.edu.gov.mb.ca/k12/cur/teched/ace_framework/index.html). If you are interested in taking some of them, then you might be able to do so through the Independent Study Option or your high school (if you are attending school).

As you can see, Grade 11 Accounting Essentials is part of the **Finance Strand**, which focuses on personal finance, accounting, and economics.

## What Is Accounting?

Accounting is sometimes called “the language of business.” It involves identifying, measuring, recording, interpreting, and communicating the results of business activities. It is used as a basis for controlling resources, determining profits, and measuring accomplishments.

The purpose of accounting is to provide decision makers with useful information to assist them in making business and economic decisions. Decision makers include individuals, businesses, communities, religious organizations, and governments.

Decision makers need answers to questions such as the following:

- Is the business earning enough profit?
- How much money does the business owe?
- Is this business a good investment opportunity?

Without accounting procedures to help them answer these types of questions, decision makers would not be able to make sound business decisions and maintain a financially healthy business.

## Why Take Accounting?

- **Accounting as a career.** If you are planning to pursue an accounting career, this course is a good place to start. All businesses (for example, real estate services, merchandise businesses, manufacturers, and so on) use accounting to keep track of their financial information. Even not-for-profit businesses (charities) use accounting to keep track of the money they raise and where it is being spent.
- **Accounting to help you find a job.** Accounting is used in a variety of jobs (for example, cashier, banker, manager, et cetera). Finding employment can be easier if you have some accounting knowledge.

- **Accounting in every day life.** Accounting will help you better handle your personal business affairs such as preparing a personal budget, keeping personal financial records, and even preparing your income tax return.

Accounting is everywhere, and you have taken the first step in learning about it by registering for this course. If you find that you enjoyed this course, then you should consider taking the Grade 12 course as well.

## Determining Financial Position



In order to determine the financial position of a person or business, you must be familiar with the following items:

- assets
- liabilities
- owner's equity

Before you learn these terms, complete the following activity. Think about the things that you own and how much they cost. Then think about who you owe money to and how much you owe. Complete the table below. For example, you may own a laptop that cost \$800 and owe your parents \$150 for helping pay for the laptop. Make sure to total the second column (cost) and the fourth column (amount owed).

Items That You Own	Cost	Who You Owe Money To	Amount Owed
Total	\$	Total	\$

### Assets



Anything of value owned by a business or an individual is considered an **asset**. When you wrote items in the first column, you made a list of your assets. Your list might have included clothes, video games, or musical instruments. Did you remember to add any change in your pocket? Most people forget about their cash.



All of the items that you listed would be considered your assets. Businesses also have assets. What kinds of assets do you think a gym would have? A gym would most likely have work out equipment, furniture, computer equipment, office supplies, money in the bank (cash), and many other items. A list of main assets that could be owned by a business follows.

Assets include

- Cash—currency and cheques (from customers or others) on hand, plus any money deposited in the bank.
- Accounts Receivable—money owed to the business by customers. Many businesses let customers buy items and pay later. A common example of this is a furniture store. You often see advertisements on TV that say “Don’t pay for 18 months!” The money that the customer owes the store is considered a Receivable to the business as it represents money that will soon be collected. The customer is called a **debtor**. This is someone who owes money.
- Office Supplies—pens, paper, ink for printer, etc.
- Office Furniture—desks, chairs, etc.
- Office Equipment—computers, cash registers, etc.
- Buildings—owned by the business (not rented)
- Land—often with buildings already on it



Liabilities

In the third column of the table, you listed all of the people to whom you owe money. Money owed to others is considered a **liability**. If you owe a friend \$20, then you have a liability. If you plan on paying back your parents for the new video game they just bought you, then you have a liability.

Businesses often have liabilities because owners don’t always have enough cash to buy the items they need. The owner may borrow money from a friend, from another business associate, or from an institution, such as a bank or credit union.

Liabilities include the following:

- Accounts Payable—when a business buys items from their supplier, but doesn’t pay for those items right away. Since money is still owed to the supplier, the amount is considered a liability.
- Bank Loans—money borrowed from a bank or credit union. The money can be used for whatever purpose the business sees fit. In accounting, bank loans are listed as Bank Loan Payable.



- Mortgages on buildings and land—similar to a bank loan, but it is meant solely to buy either buildings or land. This special loan is called a mortgage, and is often long-term, taking many years to pay back. In accounting, mortgages are listed as Mortgage Payable.

### Owner's Equity



Owner's equity is the amount of money that an owner brings into the business. It is also called **capital** or **net worth**.

Refer back to the table you completed, listing what you own (your assets) and what you owe (your liabilities). The difference between what you own and what you owe is how much you are worth, or your owner's equity. So, how much are you worth in dollars?

Write your answer here. \_\_\_\_\_

## The Accounting Equation

The following is the accounting equation:

$$\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$$

Imagine you bought a house worth \$60,000. You had a \$10,000 deposit, but you had to borrow \$50,000 for the remainder. Using accounting terms, you would have the following values:

- Assets = \$60,000 (house)
- Liabilities = \$50,000 (mortgage)
- Owner's Equity = \$10,000 (your own money used for the deposit)

Now subtract your liabilities from your assets, just like you did with the table.

$$\text{Assets} - \text{Liabilities} = \text{Owner's Equity}$$

$$\$60,000 - \$50,000 = \$10,000$$

If you were to rearrange this equation using basic algebra, you get:

$$\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$$

This is the accounting equation that will be the basis for all of your future work in this course. Here's an example of an individual's financial position.

### Example: Penny Forest

Assets (what she owns, even if not completely paid)	
Cash on hand and in the bank	\$10,000
Furniture	40,000
Car	20,000
House	100,000
Land/Lot	30,000
<b>Total Assets</b>	<b>\$200,000</b>
Liabilities (what she owes)	
Accounts Payable, furniture store	\$15,000
Accounts Payable, credit card	5,000
Bank loan for car	15,000
Mortgage on house	90,000
<b>Total Liabilities</b>	<b>\$125,000</b>

So, what is the Owner's Equity (also known as Net Worth or Capital) for Penny Forest?

Complete the accounting equation.

$$\begin{aligned}\text{Assets} &= \text{Liabilities} + \text{Owner's Equity} \\ 200,000 &= 125,000 + ?\end{aligned}$$

Rearranging the accounting equation to solve for the unknown, you get

$$200,000 - 125,000 = 75,000$$

Penny Forest's net worth is \$75,000.

Now double check.

$$\begin{aligned}\text{Assets} &= \text{Liabilities} + \text{Owner's Equity} \\ 200,000 &= 125,000 + 75,000\end{aligned}$$

Sure enough, the equation is balanced (both sides are equal).

You will now determine the financial position of a business. Look at Strong Arm Fitness. You will determine the owner's equity using the following information.

### Example: Strong Arm Fitness

Assets	
Cash	\$10,000
Accounts Receivable	5,000
Equipment	50,000
Furniture	35,000
Building	150,000
Land	100,000
<b>Total Assets</b>	<b>\$350,000</b>
Liabilities	
Accounts Payable—Gold’s Fitness Equipment	\$5,000
Accounts Payable—Sam’s Computers	5,000
Bank Loan Payable	15,000
Mortgage Payable	175,000
<b>Total Liabilities</b>	<b>\$200,000</b>

Complete the accounting equation.

$$\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$$

$$350,000 = 200,000 + ?$$

What is the Owner’s Equity for Strong Arm Fitness?

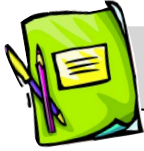
Rearranging the accounting equation to solve for the unknown, you get

$$350,000 - 200,000 = 150,000$$

Strong Arm Fitness Owner’s Equity is \$150,000.



Strong Arm Fitness is owned by John Koe. It is important that Mr. Koe keeps his personal finances separate from his business finances. As a matter of fact, all businesses have to keep their finances separate from the personal finances of the owners. This is known as the **Business Entity Principle**. This principle is a standard rule that must be followed according to the **Accounting Standards (AS)**. These standards must be followed by all accountants so that there is consistency in the industry.



## Learning Activity 1.1

Now that you have read the lesson and have learned about the accounting equation, you will use the accounting equation in this learning activity.

1. What is an asset?
2. What is a liability?
3. What is owner's equity?
4. Find the missing amounts to complete each accounting equation.

Assets	=	Liabilities	+	Owner's Equity
100,000	=	25,000	+	
250,000	=		+	150,000
	=	75,000	+	50,000
30,000	=	10,000	+	
130,000	=		+	50,000
	=	20,000	+	15,000

*continued*

## Learning Activity 1.1 (continued)

5. Classify each item as an asset, liability, or owner's equity. The first line is done for you.

Example: Cash	Asset
Bank Loan Payable	
Truck	
Money the owner brought to the business	
Mortgage Payable	
Mary Scott (a client) owes the business money	
Office Equipment	
Office Supplies	
The business owes Sam's Computers (a supplier) money	
Accounts Receivable	
Building	
Accounts Payable	

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### End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 1 Learning Activity Answer Key to ensure that your answers are correct. It is found at the end of Module 1.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next lesson builds on the lesson you just finished, so don't move on until you are confident you know the topics in this lesson.

## LESSON 2: THE BALANCE SHEET

### Lesson Focus

By the end of this lesson, you should be able to

- explain the purpose of the balance sheet
- describe the structure of the balance sheet
- identify accounts on the left side of the balance sheet
- identify accounts on the right side of the balance sheet
- list assets and liabilities in proper order
- prepare a formal balance sheet

### Introduction

A balance sheet is a financial picture of a company. It shows, in one document, what the business owns and owes, as well as what the owner invested. This lesson explains the structure and purpose of a balance sheet, describing the sections and the order in which accounts are listed on the balance sheet.

### Definition



A **balance sheet** is a document that shows the financial position of a company at a **specific date** (usually at the end of the month).

#### Purpose

Balance sheets are useful for a variety of different reasons.

- comparisons—The owners of a business can see how the business is doing by comparing financial information from one point in time to another. For example, Strong Arm Fitness can see how much their debt is increasing or decreasing by looking at this month's balance sheet and comparing it to last month's balance sheet.
- investment—If a person wants to invest in your company they will want to look at the balance sheet to see if you have sufficient assets available to meet payments.

- loans—When a business wants to receive a loan from a financial institution, the bank or credit union will want to see the balance sheet to decide whether the business is doing well enough to eventually pay back the loan.
- shareholder information—Shareholders are a group of investors who have bought shares (ownership) in corporations. Shareholders want to know the financial position of the business so they can decide whether they want to maintain ownership in the business or sell their shares.

## Structure

The balance sheet is set up like the accounting equation with the assets on the left side and the liabilities and owner’s equity sections on the right side.

The balance sheet is a little more formal than the accounting equation so there are some rules that you must follow when creating the balance sheet.

Strong Arm Fitness			
Balance Sheet			
July 31, 2015			
Assets		Liabilities	
Cash	\$ 10,000.00	Accounts Payable	\$ 10,000.00
Accounts Receivable	5,000.00	Bank Loan Payable	15,000.00
Equipment	50,000.00	Mortgage Payable	175,000.00
Furniture	35,000.00	Total Liabilities	\$ 200,000.00
Building	150,000.00		
Land	100,000.00	Owner’s Equity	
		J. Koe, Capital	150,000.00
Total Assets	\$ 350,000.00	Total Liabilities and Owner’s Equity	\$ 350,000.00

Item names start with a capital letter

Body (3 sections):  
 ■ Assets  
 ■ Liabilities  
 ■ Owner’s Equity

3-Line Heading:  
 ■ Who (name of company)  
 ■ What (name of financial statement)  
 ■ When (date of financial statement)

Total Lines:  
 ■ Total Assets and Total Liabilities and Owner’s Equity must be written on the same line

Dollar Signs:  
 ■ At the top of all columns  
 ■ After every underline within the same column

Underlines:  
 ■ Columns to be calculated have a single underline  
 ■ Final totals have a double underline



The balance sheet consists of two sections.

1. Heading
2. Body

The **Heading** has three lines.

- a) The “**who**”—the name of the business or the name of the owner, if he/she is a professional (dentist, lawyer, et cetera) operating without a business name (e.g., Strong Arm Fitness).
- b) The “**what**”—the name of the statement (e.g., Balance Sheet).
- c) The “**when**”—a balance sheet shows the financial picture for a specific date (e.g., July 31, 2015). Usually, the date of the balance sheet is the last day of the month.



**The date is always written so that the month is spelled out, the day of the month is followed by a comma, and the year is listed with four digits. When you see the year shown as 20XX, you are to replace the X’s with the digits to make the year current. If the current year is 2016, then instead of writing XX, you will write 16.**

The **Body** has three sections, each with its own heading.

- a) Assets—left side of the balance sheet
- b) Liabilities—right side of the balance sheet
- c) Owner’s Equity—right side of the balance sheet, below the Liabilities section

#### **Underlines:**

The use of underlines indicates that a calculation has taken place. Columns to be calculated have a single underline, while final totals have a double underline.

#### **Dollar signs:**

Dollar signs are strategically placed at the top of all columns and after every underline within the same column.

#### **Final totals:**

“Total Assets” and “Total Liabilities and Owner’s Equity” end up on the same line. No matter how many assets you have, you must make sure that your two final totals are on the same line.



**Since this is a formal financial statement, abbreviations are not permitted.**

## Format

- The three heading lines are centred.
- The sub-headings “Assets,” “Liabilities,” and “Owner’s Equity” are centred within their columns.
- Leave a blank line after “Total Liabilities.”
- Item names start with a capital letter (e.g., Accounts Receivable).
- Amounts are formatted with a comma and two decimal places.

## Order of Assets



Asset accounts on the balance sheet are listed in order of **liquidity**. This is the order in which assets will likely be turned into cash; therefore, cash will be first since it is already in the form of cash. Accounts Receivable will be second because the business should receive the money within 30 days. If there are Supplies, they are usually listed third.

The group of assets which are long-lasting, such as Equipment, Vehicle, Building, and Land go next, with Building and Land always at the end since they last the longest.



It is important to note that assets must be listed on the balance sheet in the amount of their original cost. If a business pays \$18,000 for a vehicle, it must be listed on the balance sheet at \$18,000 even if it is no longer “worth” that amount. This is known as the **cost principle**.

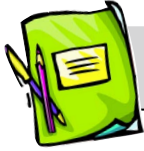
## Order of Liabilities

Liabilities are listed in order of retirement. This means that the debts you will pay off sooner are the ones that are listed first. Looking at your three main liability types, you would list them in the following order: Accounts Payable, Bank Loan Payable, and finally Mortgage Payable.

Accounts Payable are debts that are payable within 30 days. Bank loans tend to last six months to five years, whereas mortgages are meant to last for many years (usually 15 to 25 years). This is why Mortgage Payable is always listed as the last liability.

## Owner’s Equity Section

J. Koe, Capital refers to the actual amount that the owner has invested in the business.



## Learning Activity 1.2

Refer to the Excel Hints (for Microsoft Office 2013) found at the end of this lesson.

1. What is the purpose of a balance sheet?
2. List the following Assets in order of liquidity (most to least):
  - Building
  - Land
  - Cash
  - Furniture
  - Supplies
  - Office Equipment
  - Delivery Vehicles
  - Accounts Receivable
3. List the following liabilities in order of retirement:
  - Bank Loan Payable
  - Mortgage Payable
  - Accounts Payable
4. **Blue Grass Lawn Care**
  - a) Open the file called "Mod 1 LA 1.2 BGLC."
  - b) Create a balance sheet for the date September 30, 20XX (use the current year). The following accounts must be used to create the balance sheet. You will have to calculate Owner's Equity by completing the accounting equation.

<b>Accounts</b>	<b>Balances</b>
Bank Loan Payable	5,000
Cash	7,500
Equipment	2,000
Accounts Payable	1,000
Accounts Receivable	500
M. Clemmons, Capital	XX

*continued*

## Learning Activity 1.2 (continued)

### 5. Dr. Le Phang, Dentist

- a) Open the file called “Mod 1 LA 1.2 DLPD.”
- b) Create a balance sheet for the date March 31, 20XX (use the current year). The following accounts must be used to create the balance sheet. You will have to calculate Owner’s Equity by completing the accounting equation.

<b>Accounts</b>	<b>Balances</b>
L. Phang, Capital	XX
Dental Supplies	500
Accounts Receivable	3,000
Mortgage Payable	50,000
Equipment	15,000
Accounts Payable	13,000
Furniture	7,000
Building	45,000
Bank Loan Payable	12,000
Cash	4,500
Land	25,000

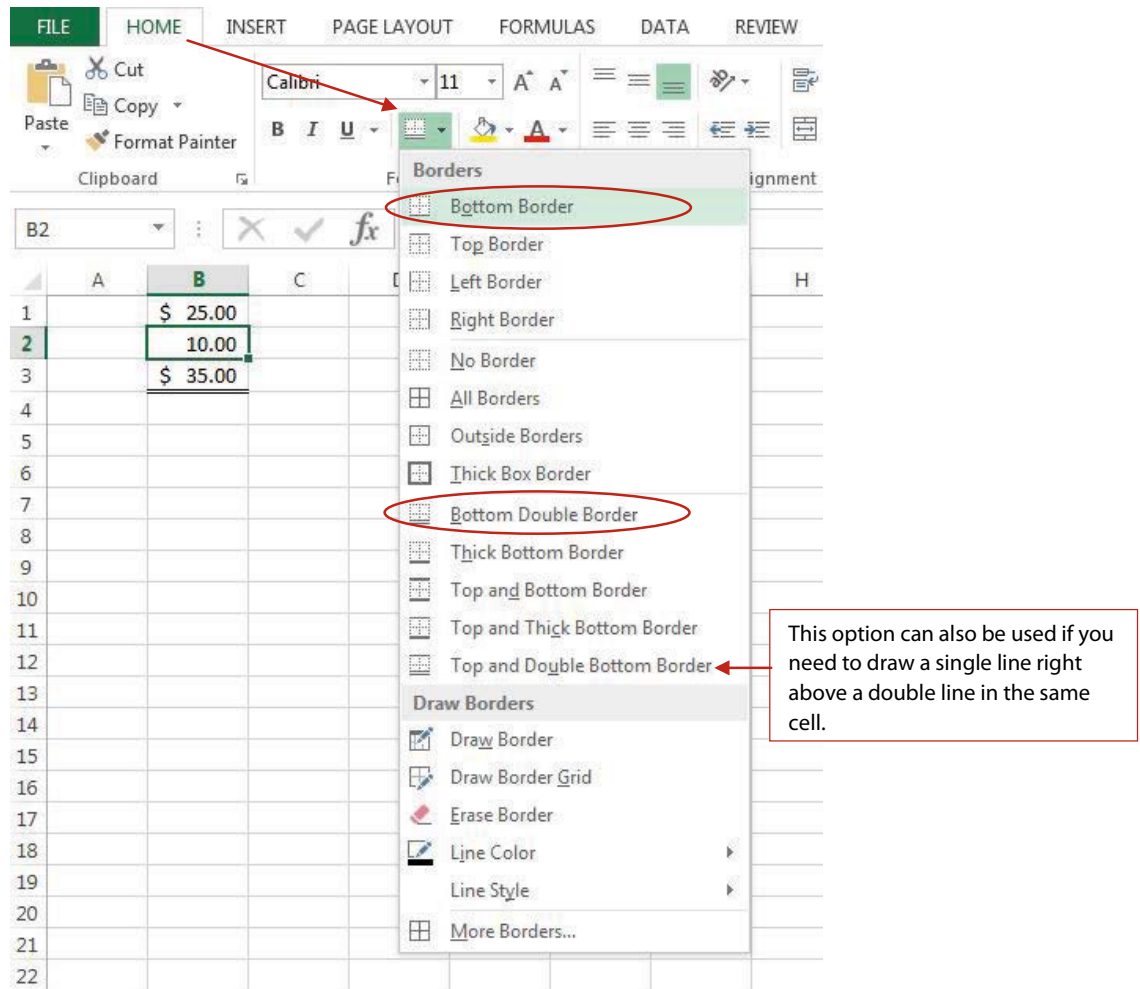
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## End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 1 Learning Activity Answer Key to ensure that your answers are correct. It is found at the end of Module 1.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next lesson builds on the lesson you just finished, so don’t move on until you are confident you know the topics in this lesson.


## EXCEL HINTS (for Microsoft Office 2013)

1. How to add single and double underlines in Excel
  - a) Click in the cell where you want the underline to appear.
  - b) Click the drop down menu called **Borders**. It is found on the Home tab in the Font Grouping.
  - c) Select Bottom Border when a single line is required.
  - d) Select Double Border when a double line is required.



*continued*

**EXCEL HINTS (for Microsoft Office 2013)** *(continued)*

2. The Sum Function will make it easier to add many numbers. To use the Sum Function
  - a) Click on the cell where you want your total to go.
  - b) Click on  $\Sigma$  in the Editing section of the Home tab.
  - c) Drag your mouse over the cells you want to add.
  - d) Hit enter.
3. All numbers should be formatted to display a thousand separator and two decimal places. Use the comma button, , found in the Number section of the Home tab to format numbers.

Keep in mind that if you are using a different version of Excel you may have to do these tasks in a different way. Use the “Help” button to find out how.

## LESSON 3: ANALYZING CHANGES IN THE ACCOUNTING EQUATION

### Lesson Focus

By the end of this lesson, you should be able to

- analyze transactions affecting assets
- analyze transactions affecting assets and liabilities
- analyze transactions affecting assets and owner's equity

### Introduction

A business will have regular business activities such as buying or selling goods and services. These are known as business transactions. In order to keep accurate records of business activities, these transactions must be recorded accurately. If accurate recording does not occur, then the records will not illustrate the true financial picture of the business.

This lesson describes how to record business transactions. Be sure to study each example carefully to learn about the various accounting transactions and how they affect the financial statement.

Assignment 1.1 follows this lesson.

### Business Transactions

A business transaction is a financial event that affects the accounting equation.

Now go back to Strong Arm Fitness to look at some sample transactions. When you last looked at Strong Arm Fitness, you saw their balance sheet for the month of July.

Strong Arm Fitness			
Balance Sheet			
July 31, 2015			
Assets		Liabilities	
Cash	\$ 10,000.00	Accounts Payable	\$ 10,000.00
Accounts Receivable	5,000.00	Bank Loan Payable	15,000.00
Equipment	50,000.00	Mortgage Payable	175,000.00
Furniture	35,000.00	Total Liabilities	\$ 200,000.00
Building	150,000.00		
Land	100,000.00	Owner's Equity	
		J. Koe, Capital	150,000.00
Total Assets	\$ 350,000.00	Total Liabilities and Owner's Equity	\$ 350,000.00

The same account balances can be shown in a similar way using a table, such as the one below.

	Assets						=	Liabilities			+	Owner's Equity
	Cash	Accounts Receivable	Equipment	Furniture	Building	Land	Accounts Payable	Bank Loan Payable	Mortgage Payable		J. Koe, Capital	
Balance	10,000	5,000	50,000	35,000	150,000	100,000	10,000	15,000	175,000		150,000	
	350,000							200,000				150,000
	350,000							350,000				

## Example of a Transaction Affecting Assets

### August 2

Strong Arm Fitness purchased additional equipment, paying \$5,000 cash in full payment for the purchase. Analyze the transaction in steps.

- When you are analyzing transactions, the first thing you need to figure out is what accounts need to be changed. In this case, you know that Cash and Equipment will be affected.
- The second step is to determine by how much these accounts are changing. In this case, both accounts are changing by \$5,000.
- Are the accounts increasing or decreasing? Since you are losing money to gain physical items, your Cash account decreases, but your Equipment account increases as you now own more equipment.
- Next, you need to determine the new balances of each account. Your Cash has decreased by \$5,000 changing your Cash balance from \$10,000 to \$5,000. Your Equipment has increased by \$5,000 changing your Equipment balance from \$50,000 to \$55,000. Since you are buying assets (Equipment) with an asset (Cash) only the asset side of the accounting equation is affected.



- e) Use the accounting equation to double check that the left side of the equation still equals the right side. If you are not in balance, double-check your work.

Here is how you will record the transaction in the table.

	Assets						=	Liabilities			+	Owner's Equity
	Cash	Accounts Receivable	Equipment	Furniture	Building	Land	Accounts Payable	Bank Loan Payable	Mortgage Payable		J. Koe, Capital	
Balance	10,000	5,000	50,000	35,000	150,000	100,000	10,000	15,000	175,000		150,000	
Aug 2	-5,000		+5,000									
New Balance	5,000	5,000	55,000	35,000	150,000	100,000	10,000	15,000	175,000		150,000	
	350,000							200,000				150,000
	350,000							350,000				

## Examples of Transactions Affecting Assets and Liabilities

### August 8

Strong Arm Fitness purchased new Furniture on credit (they will pay for it later) from Sam's Computers. The furniture cost \$8,000.

- Which accounts are affected? Furniture and Accounts Payable. Remember, Accounts Payable is used when you purchase an item with the promise to pay later (on credit).
- By how much are these accounts affected? \$8,000.
- Do the accounts increase or decrease? Since you are buying more furniture the Furniture asset account increases. Since you now owe Sam's Computers more money, the liability Accounts Payable also increases.
- What are your new balances? You can see the new balances in the table that follows.
- Do Assets = Liabilities + Owner's Equity? Both Furniture and Accounts Payable have increased by \$8,000. This works because assets and liabilities are on opposite sides of the equation. If you increase one side of the equation, then you must also increase the other side. This way your equation remains balanced.

	Assets						=	Liabilities +			Owner's Equity
	Cash	Accounts Receivable	Equipment	Furniture	Building	Land	Accounts Payable	Bank Loan Payable	Mortgage Payable	J. Koe, Capital	
Balance	5,000	5,000	55,000	35,000	150,000	100,000	10,000	15,000	175,000	150,000	
Aug 8				+8,000			+8,000				
New Balance	5,000	5,000	55,000	43,000	150,000	100,000	18,000	15,000	175,000	150,000	
	358,000						208,000			150,000	
	358,000						358,000				

### August 15

On August 15, Strong Arm Fitness purchased equipment for \$12,000. They paid \$2,000 cash and the remaining amount of \$10,000 was assigned to a bank loan.

- Which accounts are affected? Equipment, Cash, and Bank Loan Payable.
- By how much are these accounts affected? Equipment \$12,000, Cash \$2,000, Bank Loan Payable \$10,000.
- Do the accounts increase or decrease? Since you are buying more equipment, the Equipment account increases. Cash will decrease as you are giving that money to the store. Bank Loan Payable is a liability and will increase as you will now owe the bank more money.
- What are your new balances? You can see the new balances below.
- Do Assets = Liabilities + Owner's Equity? Cash is decreasing by \$2,000, but Equipment increases by \$12,000. This means your overall asset total is increasing by \$10,000. Since Bank Loan Payable (a liability) also increased by \$10,000 you know you are in balance.

	Assets						=	Liabilities +			Owner's Equity
	Cash	Accounts Receivable	Equipment	Furniture	Building	Land	Accounts Payable	Bank Loan Payable	Mortgage Payable	J. Koe, Capital	
Balance	5,000	5,000	55,000	43,000	150,000	100,000	18,000	15,000	175,000	150,000	
Aug 15	-2,000		+12,000					+10,000			
New Balance	3,000	5,000	67,000	43,000	150,000	100,000	18,000	25,000	175,000	150,000	
	368,000						218,000			150,000	
	368,000						368,000				

### August 21

On August 21, Strong Arm Fitness made a \$500 payment to Gold's Fitness Equipment for previously bought equipment.

- Which accounts are affected? Cash and Accounts Payable.
- By how much are these accounts affected? \$500.
- Do the accounts increase or decrease? Cash will decrease as you are giving that money to the store. Accounts Payable will also decrease because you will owe less money after this payment.
- What are your new balances? You can see the new balances in the following table.
- Do Assets = Liabilities + Owner's Equity? Both sides of the equation have decreased by \$500, leaving it balanced.

	Assets						=	Liabilities			+	Owner's Equity
	Cash	Accounts Receivable	Equipment	Furniture	Building	Land	Accounts Payable	Bank Loan Payable	Mortgage Payable		J. Koe, Capital	
Balance	3,000	5,000	67,000	43,000	150,000	100,000	18,000	25,000	175,000		150,000	
Aug 21	-500						-500					
New Balance	2,500	5,000	67,000	43,000	150,000	100,000	17,500	25,000	175,000		150,000	
	367,500							217,500				150,000
	367,500							367,500				

### Example of a Transaction Affecting Assets and Owner's Equity

#### August 28

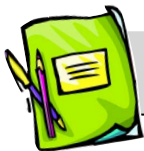
On August 28, John Koe, owner of Strong Arm Fitness, invested \$10,000 cash into the business.

- Which accounts are affected? Cash and J. Koe, Capital.
- By how much are these accounts affected? \$10,000.
- Do the accounts increase or decrease? Cash increases because you now have more money to use in the business. J. Koe, Capital (the Owner's Equity) also increases because the business is now worth more.
- What are your new balances? You can see the new balances in the following table.
- Do Assets = Liabilities + Owner's Equity? Both sides of the equation have increased by \$10,000 leaving it balanced.

	Assets						=	Liabilities			+	Owner's Equity
	Cash	Accounts Receivable	Equipment	Furniture	Building	Land	Accounts Payable	Bank Loan Payable	Mortgage Payable		J. Koe, Capital	
Balance	2,500	5,000	67,000	43,000	150,000	100,000	17,500	25,000	175,000		150,000	
Aug 28	+10,000										+10,000	
New Balance	12,500	5,000	67,000	43,000	150,000	100,000	17,500	25,000	175,000		160,000	
	377,500							217,500				160,000
	377,500							377,500				

Your finished product will look like the following:

	Assets						=	Liabilities				+	Owner's Equity
	Cash	Accounts Receivable	Equipment	Furniture	Building		Accounts Payable– Gold's Fitness Equipment	Accounts Payable– Sam's Computers	Bank Loan Payable	Mortgage Payable		J. Koe, Capital	
Balance	10,000	5,000	50,000	35,000	250,000		5,000	5,000	15,000	175,000		150,000	
Aug 2	-5,000		+5,000										
New Balance	5,000	5,000	55,000	35,000	250,000		5,000	5,000	15,000	175,000		150,000	
Aug 8				+8,000				+8,000					
New Balance	5,000	5,000	55,000	43,000	250,000		5,000	13,000	15,000	175,000		150,000	
Aug 15	-2,000		+12,000						+10,000				
New Balance	3,000	5,000	67,000	43,000	250,000		5,000	13,000	25,000	175,000		150,000	
Aug 21	-500						-500						
New Balance	2,500	5,000	67,000	43,000	250,000		4,500	13,000	25,000	175,000		150,000	
Aug 28	+10,000											+10,000	
New Balance	12,500	5,000	67,000	43,000	250,000		4,500	13,000	25,000	175,000		160,000	
	377,500							217,500					160,000
	377,500							377,500					



## Learning Activity 1.3

### 1. Blue Grass Lawn Care

- a) Record the following transactions in the table below.
- b) Record the new balance for every account after each transaction. Do a mental check to make sure the left side of the equation still equals the right side. If you are not in balance, double check your work.
- c) Complete the accounting equation in the last two lines.
  - i) Oct. 3—purchased \$400 worth of equipment with cash.
  - ii) Oct. 7—made a payment on the bank loan worth \$1,000.
  - iii) Oct. 18—the owner invested \$1,000 worth of computer equipment into the business.
  - iv) Oct. 25—bought more computer equipment worth \$500, of which \$200 was paid in cash, and the remainder to be paid in one month.

	Assets			=	Liabilities	+	Owner's Equity
	Cash	Accounts Receivable	Equipment		Accounts Payable	Bank Loan Payable	M. Clemmons, Capital
Balance	7,500	500	2,000		1,000	5,000	4,000
Oct 3							
New Balance							
Oct 7							
New Balance							
Oct 18							
New Balance							
Oct 25							
New Balance							

*continued*

## Learning Activity 1.3 (continued)

### 2. Dr. Le Phang, Dentist

- a) Record the following transactions in the table below.
- b) Record the new balance for every account after each transaction. Do a mental check to make sure the left side of the equation still equals the right side.
- c) Complete the accounting equation in the last two lines.
  - i) Apr. 5—purchased \$100 worth of dental supplies with cash.
  - ii) Apr. 10—bought new furniture in the amount of \$3,000, of which \$1,000 was paid in cash and the remainder is due in three months.
  - iii) Apr. 17—the owner invested \$5,000 into the business.
  - iv) Apr. 30—made a mortgage payment of \$1,000.

	Assets							=	Liabilities +			Owner's Equity
	Cash	Accounts Receivable	Dental Supplies	Equipment	Furniture	Building	Land	Accounts Payable	Bank Loan Payable	Mortgage Payable	L. Phang, Capital	
Balance	4,500	3,000	500	15,000	7,000	45,000	25,000	13,000	12,000	50,000	25,000	
Apr 5												
New Balance												
Apr 10												
New Balance												
Apr 17												
New Balance												
Apr 30												
New Balance												

## End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 1 Learning Activity Answer Key to ensure that your answers are correct.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next module builds on the outcomes you just finished, so don't move on until you are confident you know the topics in this lesson.

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## Notes





## Assignment 1.1

You are about to start the first assignment that will be submitted to the Distance Learning Unit. This assignment is based on the Learning Activities that you have already completed. For each question, note the amount of marks it is worth. Any errors will cause a loss of mark(s). Check your work carefully before submitting it.

### 1. Completing the Accounting Equation

- Open the Word file "Mod 1 A1." Save the file as "Your name Mod 1 A1."
- Find the missing amounts to complete each accounting equation. (Also shown below.) To enter your answer in the Word file, simply click in the box and start typing. Your answers will type in blue. Please leave the answers in blue to make it easier for your tutor/marker to identify your answers. (10 marks)

Assets	Liabilities	Owner's Equity
150,000	75,000	
15,000		10,000
	30,000	40,000
210,000	60,000	
85,000		40,000
	160,000	100,000
65,000		25,000
330,000	180,000	
100,000		90,000
	5,000	35,000

*continued*

## Assignment 1.1 (continued)

### 2. Snips Hair Care

Snips Hair Care is a hair salon that offers haircuts, styling, and colouring. The salon is owned by Ingrid Kutz.

- a) Open the Excel file “Mod 1 A1.” Save the file as “Your name Mod 1 A1.”
- b) Use the following accounts to create a balance sheet for Snips Hair Care for January 31, 20XX. (10 marks – 0.5 to 2 marks deducted for each error)

Accounts Receivable	\$ 450
Mortgage Payable	125,000
Equipment	3,100
Accounts Payable	2,500
Furniture	5,300
Building	150,000
Land	35,000
Supplies	750
Cash	8,400
Bank Loan Payable	5,000

Remember to put the accounts in order and to use proper formatting.

*continued*

## Assignment 1.1 (continued)

### 3. Snips Hair Care

- a) Open the Word file “Mod 1 A1.”
- b) Copy the Owner’s Equity account balance (from the Balance Sheet in Question 2 to the top of the table in Question 3).
- c) During the month of February, Snips Hair Care had the following transactions. Record the transactions just like you did in Learning Activity 1.3.
- d) Record the new balance for each account after every transaction.
- e) Complete the accounting equation on the last two lines.

*(10 marks – 0.5 to 2 marks deducted for each error)*

- i) Feb. 4—purchased \$300 worth of supplies paid in cash.
- ii) Feb. 12—purchased two new office chairs on account. The chairs cost \$150 each.
- iii) Feb. 19—bought one new hair dryer in the amount of \$1,200, of which \$500 was paid in cash, the remainder must be paid within three months.
- iv) Feb. 23—the owner invested \$3,000 into the business.
- v) Feb. 27—made a payment of \$800 toward the bank loan.
- vi) Feb. 28—made a payment of \$1,500 toward the mortgage.

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## Notes

## MODULE 1 SUMMARY

Congratulations on completing Module 1! You now know why accounting is needed for all types of businesses. You should have a good understanding of the accounting equation as it will come up throughout the rest of this course. Do you remember all of the rules for creating a balance sheet? If not, make sure you go back and look over them. Finally, you also learned how everyday business transactions affect the financial picture of a business.

In Module 2, you will learn about debits and credits. They will help you record transactions in a more organized fashion. You will also learn how to create a trial balance.



### Submitting Your Assignments

---

It is now time for you to submit Assignment 1.1 to the Distance Learning Unit so that you can receive some feedback on how you are doing in this course. Remember that you must submit all the assignments in this course before you can receive your credit.

Make sure you have completed all parts of your Module 1 assignment and organize your material in the following order:

- Module 1 Cover Sheet (found at the end of the course Introduction)
- Assignment 1.1
  - Word File "Mod 1 A1"
  - Excel File "Mod 1 A1"

For instructions on submitting your assignment, refer to How to Submit Assignments in the course introduction.

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## Notes





GRADE 11 ACCOUNTING  
ESSENTIALS (30S)

Module 1  
Introduction to  
Accounting Principles

Learning Activity Answer Key



# MODULE 1: INTRODUCTION TO ACCOUNTING PRINCIPLES

## Learning Activity 1.1

Now that you have read the lesson and have learned about the accounting equation, you will use the accounting equation in this learning activity.

1. What is an asset?

*Anything of value owned by a business or an individual.*

2. What is a liability?

*The sum of all money owed to others.*

3. What is owner's equity?

*The amount of money that an owner brings into the business.*

4. Find the missing amounts to complete each accounting equation.

Assets	=	Liabilities	+	Owner's Equity
100,000	=	25,000	+	75,000
250,000	=	100,000	+	150,000
125,000	=	75,000	+	50,000
30,000	=	10,000	+	20,000
130,000	=	80,000	+	50,000
35,000	=	20,000	+	15,000

5. Classify each item as an asset, liability, or owner's equity. The first line is done for you.

Example: Cash	Asset
Bank Loan Payable	Liability
Truck	Asset
Money the owner brought to the business	Owner's Equity
Mortgage Payable	Liability
Mary Scott (a client) owes the business money	Asset
Office Equipment	Asset
Office Supplies	Asset
The business owes Sam's Computers (a supplier) money	Liability
Accounts Receivable	Asset
Building	Asset
Accounts Payable	Liability

## Learning Activity 1.2

1. What is the purpose of a balance sheet?

To show the financial position of a company at a specific date.

2. List the following Assets in order of liquidity (most to least):

Answer:

Building

Cash

Land

Accounts Receivable

Cash

Supplies

Furniture

Office Equipment

Supplies

Furniture

Office Equipment

Delivery Vehicles

Delivery Vehicles

Building

Accounts Receivable

Land

3. List the following liabilities in order of retirement:

Answer:

Bank Loan Payable

Accounts Payable

Mortgage Payable

Bank Loan Payable

Accounts Payable

Mortgage Payable

### EXCEL HINTS (for Microsoft Office 2013)

- i) The Sum Function will make it easier to add many numbers. To use the Sum Function
  - a) Click on the cell where you want your total to go.
  - b) Click on **Σ** in the Editing section of the Home tab.
  - c) Drag your mouse over the cells you want to add.
  - d) Hit enter.
- ii) All numbers should be formatted to display a thousand separator and two decimal places. Use the comma button, **,**, found in the Number section of the Home tab to format numbers.

Keep in mind that if you are using a different version of Excel you may have to do these tasks in a different way. Use the "Help" button to find out how.

4. **Blue Grass Lawn Care**

- a) Open the file called “Mod 1 LA 1.2 BGLC.”
- b) Create a balance sheet for the date September 30, 20XX (use the current year). The following accounts must be used to create the balance sheet. You will have to calculate Owner’s Equity by completing the accounting equation.

Accounts	Balances
Bank Loan Payable	5,000
Cash	7,500
Equipment	2,000
Accounts Payable	1,000
Accounts Receivable	500
M. Clemmons, Capital	XX

Blue Grass Lawn Care			
Balance Sheet			
September 30, 20xx			
Assets		Liabilities	
Cash	\$ 7,500.00	Accounts Payable	\$ 1,000.00
Accounts Receivable	500.00	Bank Loan Payable	5,000.00
Equipment	2,000.00	Total Liabilities	\$ 6,000.00
		Owner’s Equity	
		M. Clemmons, Capital	4,000.00
Total Assets	\$ 10,000.00	Total Liabilities and Owner’s Equity	\$ 10,000.00

5. **Dr. Le Phang, Dentist**

- a) Open the file called “Mod 1 LA 1.2 DLPD.”
- b) Create a balance sheet for the date March 31, 20XX (use the current year).  
The following accounts must be used to create the balance sheet. You will have to calculate Owner’s Equity by completing the accounting equation.

<b>Accounts</b>	<b>Balances</b>
L. Phang, Capital	XX
Dental Supplies	500
Accounts Receivable	3,000
Mortgage Payable	50,000
Equipment	15,000
Accounts Payable	13,000
Furniture	7,000
Building	45,000
Bank Loan Payable	12,000
Cash	4,500
Land	25,000

Dr. Le Phang, Dentist			
Balance Sheet			
March 31, 20xx			
Assets		Liabilities	
Cash	\$ 4,500.00	Accounts Payable	\$ 13,000.00
Accounts Receivable	3,000.00	Bank Loan Payable	12,000.00
Office Supplies	500.00	Mortgage Payable	50,000.00
Equipment	15,000.00	Total Liabilities	\$ 75,000.00
Furniture	7,000.00		
Building	45,000.00	Owner’s Equity	
Land	25,000.00	L. Phang, Capital	25,000.00
<b>Total Assets</b>	<b>\$ 100,000.00</b>	<b>Total Liabilities and Owner’s Equity</b>	<b>\$ 100,000.00</b>

## Learning Activity 1.3

### 1. Blue Grass Lawn Care

- a) Record the following transactions in the table below.
- b) Record the new balance for every account after each transaction. Do a mental check to make sure the left side of the equation still equals the right side. If you are not in balance, double check your work.
- c) Complete the accounting equation in the last two lines.
  - i) Oct. 3—purchased \$400 worth of equipment with cash.
  - ii) Oct. 7—made a payment on the bank loan worth \$1,000.
  - iii) Oct. 18—the owner invested \$1,000 worth of computer equipment into the business.
  - iv) Oct. 25—bought more computer equipment worth \$500, of which \$200 was paid in cash, and the remainder to be paid in one month.

	Assets			=	Liabilities	+	Owner's Equity
	Cash	Accounts Receivable	Equipment		Accounts Payable	Bank Loan Payable	M. Clemmons, Capital
Balance	7,500	500	2,000		1,000	5,000	4,000
Oct 3	-400		+400				
New Balance	7,100	500	2,400		1,000	5,000	4,000
Oct 7	-1,000					-1,000	
New Balance	6,100	500	2,400		1,000	4,000	4,000
Oct 18			+1,000				+1,000
New Balance	6,100	500	3,400		1,000	4,000	5,000
Oct 25	-200		+500		+300		
New Balance	5,900	500	3,900		1,300	4,000	5,000
	10,300				5,300		5,000
	10,300				10,300		



## 2. Dr. Le Phang, Dentist

- a) Record the following transactions in the table below.
- b) Record the new balance for every account after each transaction. Do a mental check to make sure the left side of the equation still equals the right side.
- c) Complete the accounting equation in the last two lines.
  - i) Apr. 5—purchased \$100 worth of dental supplies with cash.
  - ii) Apr. 10—bought new furniture in the amount of \$3,000, of which \$1,000 was paid in cash and the remainder is due in three months.
  - iii) Apr. 17—the owner invested \$5,000 into the business.
  - iv) Apr. 30—made a mortgage payment of \$1,000.

	Assets							= Liabilities +			Owner's Equity
	Cash	Accounts Receivable	Dental Supplies	Equipment	Furniture	Building	Land	Accounts Payable	Bank Loan Payable	Mortgage Payable	L. Phang, Capital
Balance	4,500	3,000	500	15,000	7,000	45,000	25,000	13,000	12,000	50,000	25,000
Apr 5	-100		+100								
New Balance	4,400	3,000	600	15,000	7,000	45,000	25,000	13,000	12,000	50,000	25,000
Apr 10	-1,000				+3,000			+2,000			
New Balance	3,400	3,000	600	15,000	10,000	45,000	25,000	15,000	12,000	50,000	25,000
Apr 17	+5,000										+5,000
New Balance	8,400	3,000	600	15,000	10,000	45,000	25,000	15,000	12,000	50,000	30,000
Apr 30	-1,000									-1,000	
New Balance	7,400	3,000	600	15,000	10,000	45,000	25,000	15,000	12,000	49,000	30,000
	106,000							76,000			30,000
	106,000							106,000			

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## Notes



GRADE 11 ACCOUNTING  
ESSENTIALS (30S)

Module 2  
Debits and Credits



# MODULE 2: DEBITS AND CREDITS

## Introduction

In the previous module you used the accounting equation to learn about the basic accounts of all businesses; prepared a balance sheet; and analyzed changes to the accounting equation. In module two you will be introduced to the concept of debits and credits, a tool used to record business transactions. You will then learn how to create the trial balance. The trial balance lists all of the accounts of a business, which in turn will assist you in creating financial statements.

There are learning activities at the end of each lesson. The learning activities will help you prepare for the assignment. Remember, every module builds on the last, so it is important that you understand the previous concepts before moving on.

## Assignments in Module 2

When you have completed the assignment for Module 2, submit your completed assignment to the Distance Learning Unit either by mail or electronically through the learning management system (LMS). The staff will forward your work to your tutor/marker.

<b>Lesson</b>	<b>Assignment</b>	<b>Marks</b>
4	Assignment 2.1	25

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## Notes

# LESSON 1: INTRODUCTION TO DEBITS AND CREDITS

## Lesson Focus

By the end of this lesson, you should be able to

- explain the need for a T-account
- explain the relationship of each ledger account to the accounting equation
- apply principles of debits and credits to the balance sheet accounts

## Introduction

This lesson describes the use of T-accounts to record business transactions.

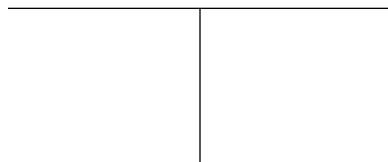
You have already learned that a transaction is a financial event that affects one or more of the fundamental elements of the accounting equation (assets, liabilities, and owner's equity). Now you will learn how to record the daily transactions of a business using a T-account.

## T-Account



Since using a transaction table like you did in the previous module to record each separate transaction is inefficient, you will now be using **T-accounts**. Each account listed on a balance sheet will have its own **T-account** to record the effects of a business transaction.

The following is what a T-account looks like:



## Debits and Credits

Each T-account has the item name centred at the top of the T. Each T-account also has a left and a right side. In accounting, the left side of the T is called **Debit (DR, Dr)** and the right side of the T is called **Credit (CR, Cr)**.

- **Debit means Left side.**
- **Credit means Right side.**

Account Title	
Left Side DEBIT	Right Side CREDIT

You already know that assets are recorded on the left side of a balance sheet because they are on the left side of the accounting equation. Likewise, the liabilities and owner's equity are recorded on the right side of the balance sheet because they are on the right side of the accounting equation.

---


$$\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$$


---

The same rule applies to recording the beginning balances from the balance sheet to the T-accounts.

All beginning balances for assets are recorded on the LEFT (DEBIT) side of the T-account since assets are on the LEFT side of the accounting equation.

All liabilities and owner's equity beginning balances are recorded on the RIGHT (CREDIT) side of the T-account since they are on the RIGHT side of the accounting equation.

**Assets are on the Debit (Left) side, and liabilities and owner's equity are on the Credit (Right) side.**

Assets	=	Liabilities + Owner's Equity
Asset accounts beginning balance		Liability accounts beginning balance Owner's Equity accounts beginning balance



To help you visualize this, look at the transactions from Lesson 3 of Module 1 for Strong Arm Fitness. The account balances as of July 31, 20XX, are recorded in T-accounts as follows:

Asset accounts **always** increase on the debit (left) side and **always** decrease on the credit (right side).

Cash		
Jul 31	10,000	
Accounts Receivable		
Jul 31	5,000	
Equipment		
Jul 31	50,000	
Furniture		
Jul 31	35,000	
Building		
Jul 31	150,000	
Land		
Jul 31	100,000	

Accounts Payable		
	10,000	Jul 31
Bank Loan Payable		
	15,000	Jul 31
Mortgage Payable		
	175,000	Jul 31
J. Koe, Capital		
	150,000	Jul 31

Liabilities and Owner's Equity **always** increase on the credit (right) side and **always** decrease on the debit (left) side.

The following diagram may help you visualize this concept:

Assets		=	Liabilities + Owner's Equity	
Debit +	Credit -		Debit -	Credit +
Increase	Decrease		Decrease	Increase

Now, recreate the August transactions so you can see them in T-accounts.

**August 2**

Strong Arm Fitness purchased additional equipment, paying \$5,000 cash in full payment for the purchase.

Using T-accounts, the transaction is recorded as follows:

Cash			
Jul 31	10,000		
		<b>5,000</b>	<b>Aug 2</b>
Equipment			
Jul 31	50,000		
<b>Aug 2</b>	<b>5,000</b>		

Since Cash is a debit account, meaning it increases on the left (debit) and decreases on the right (credit), a decrease to the account must take place on the right (credit) side of the T-account.

Since Equipment is also an asset and is increasing, then the account must be put on the debit side of the T-account.

When a transaction takes place, at least two accounts are affected. Those accounts are either going to increase or decrease. An increase to an account is shown on the same side as the beginning balance. A decrease to an account is shown on the opposite side of the beginning balance.

In summary

- When an asset increases, you will put the amount on the debit (left) side of the T-account.
- When an asset decreases, you will put the amount on the credit (right) side of the T-account.
- When a liability increases, you will put the amount on the credit (right) side of the T-account.
- When a liability decreases, you will put the amount on the debit (left) side of the T-account.
- When owner's equity increases, you will put the amount on the credit (right) side of the T-account.
- When owner's equity decreases, you will put the amount on the debit (left) side of the T-account.

Look at the other August transactions to reinforce the use of the T-accounts.

### August 8

Strong Arm Fitness purchased new furniture on credit (they will pay for it later) from Sam's Computers. The furniture cost \$8,000.

Furniture		
Jul 31	35,000	
<b>Aug 8</b>	<b>8,000</b>	

Accounts Payable		
	10,000	Jul 31
	<b>8,000</b>	<b>Aug 8</b>

The asset (Furniture) is increasing so the amount is recorded on the debit (left) side. Remember, assets have a beginning balance on the debit (left) side; therefore, an asset always increases on the debit side. The Accounts Payable (a liability) is also increasing, but it is recorded on the credit (right) side. Liabilities have a beginning balance on the credit (right) side; therefore, a liability always increases on the credit side.

### August 15

On August 15, Strong Arm Fitness purchased \$12,000 of equipment. They paid \$2,000 cash and the remaining amount of \$10,000 was assigned to a bank loan.

Cash			
Jul 31	10,000		
		5,000	Aug 2
		<b>2,000</b>	<b>15</b>

Equipment			
Jul 31	50,000		
Aug 2	5,000		
<b>15</b>	<b>12,000</b>		

Bank Loan Payable			
		15,000	Jul 31
		<b>10,000</b>	<b>Aug 15</b>

Since we are increasing the liability (Bank Loan Payable) of 10,000, it must go on the credit (right) side. The asset (Equipment) is increasing by 12,000; therefore, the amount is recorded on the debit (left) side. The asset (Cash) is decreasing by 2,000; therefore, the amount is recorded on the credit (right) side.

### August 21

On August 21, Strong Arm Fitness made a \$500 payment to Gold's Fitness Equipment for previously bought equipment.

Cash			
Jul 31	10,000		
		5,000	Aug 2
		2,000	15
		<b>500</b>	<b>21</b>

Accounts Payable			
		10,000	Jul 31
		8,000	Aug 8
<b>Aug 21</b>	<b>500</b>		

The asset (Cash) is decreasing and must go on the credit (right) side. The liability (Accounts Payable) is also decreasing and must go on the debit (left) side.

## August 28

On August 28, John Koe, owner of Strong Arm Fitness, invested \$10,000 cash into the business.

Cash			
	Jul 31	10,000	
		5,000	Aug 2
		2,000	15
		500	21
	<b>Aug 28</b>	<b>10,000</b>	

J. Koe, Capital			
		150,000	Jul 31
		<b>10,000</b>	<b>Aug 28</b>

When months change, you need to write the month again.

The first time you write the date, you must write the month, but for every following transaction within the same month, you only write the day.

The asset (Cash) is increasing and must go on the debit (left) side. Since Owner's Equity (J. Koe Capital) is increasing, it must go on the credit (right) side of the T-account.

Look back at all of the transactions. Notice that whenever you put a number on the debit (left) side you also **always** put the same number on the credit (right) side. Even if you had multiple accounts to debit or credit they still added up to the same amount. This happens because of the accounting equation. Both sides must balance. This is known as **double entry accounting**. Your total debits and credits must always equal after each transaction.



## Ledger

A **ledger** is a group of accounts.



Whenever items are recorded on T-accounts or ruled accounting forms and filed together in a folder or in a computer file, they are referred to as a **ledger**.

Below is a ledger of the accounts for Strong Arm Fitness after the August transactions. Notice how each transaction is recorded on a new line to make it easier to track transactions.

Cash			
Jul 31	10,000.00		
		5,000.00	Apr 2
		2,000.00	15
		500.00	21
Aug 28	10,000.00		

Accounts Receivable			
Jul 31	5,000.00		

Equipment			
Jul 31	50,000.00		
Aug 2	5,000.00		
15	12,000.00		

Furniture			
July 31	35,000.00		
Aug 8	8,000.00		

Building			
Jul 31	150,000.00		

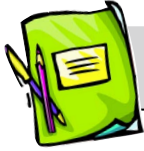
Land			
Jul 31	100,000.00		

Accounts Payable			
		10,000.00	Jul 31
		8,000.00	Aug 8
Aug 21	500.00		

Bank Loan Payable			
		15,000.00	Jul 31
		10,000.00	Aug 15

Mortgage Payable			
		175,000.00	Jul 31

J. Koe, Capital			
		150,000.00	Jul 31
		10,000.00	Aug 28



## Learning Activity 2.1

### 1. Blue Grass Lawn Care

In Learning Activity 1.3 you used a table to keep track of the October transactions for Blue Grass Lawn Care. You will now record these transactions into T-accounts.

- a) Open the file called “Mod 2 LA 2.1 BGLC.”
- b) Create a T-account for each of the following accounts. Record the opening balances as of October 1.

Cash	7,500
Accounts Receivable	500
Equipment	2,000
Accounts Payable	1,000
Bank Loan Payable	5,000
M. Clemmons, Capital	4,000

- c) Record the following transactions in the T-accounts you just created.
  - i) Oct. 3—purchased \$400 worth of equipment with cash.
  - ii) Oct. 7—made a payment on their bank loan worth \$1,000.
  - iii) Oct. 18—the owner invested \$1,000 worth of computer equipment into the business.
  - iv) Oct. 25—bought more computer equipment worth \$500, of which \$200 was paid in cash, and the remainder is to be paid in one month.

Remember, each transaction is recorded on a new line to make it easier to track transactions.

*continued*

## Learning Activity 2.1 (continued)

### 2. Dr. Le Phang, Dentist

In Learning Activity 1.3 you used a table to keep track of the April transactions for Dr. Le Phang, Dentist. You will now record these transactions into T-accounts.

- a) Open the file called “Mod 2 LA 2.1 DLPD.”
- b) Create a T-account for each of the following accounts. Record the opening balances as of April 1.

Cash	4,500
Accounts Receivable	3,000
Dental Supplies	500
Equipment	15,000
Furniture	7,000
Building	45,000
Land	25,000
Accounts Payable	13,000
Bank Loan Payable	12,000
Mortgage Payable	50,000
L. Phang, Capital	25,000

- c) Record the following transactions in the T-accounts you just created.
  - i) Apr. 5—purchased \$100 worth of dental supplies with cash.
  - ii) Apr. 10—bought new furniture in the amount of \$3,000, of which \$1,000 was paid in cash and the remainder is due in three months.
  - iii) Apr. 17—the owner invested \$5,000 into the business.
  - iv) Apr. 30—made a mortgage payment of \$1,000.

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## End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 2 Learning Activity Answer Key to ensure that your answers are correct.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next lesson builds on the outcomes you just finished.



## LESSON 2: CALCULATING NEW BALANCES IN THE LEDGER

### Lesson Focus

By the end of this lesson, you should be able to

- calculate the new balance for each account after transactions have been recorded
- record the account balance on the correct side of the account

### Introduction

You have now learned how to analyze and record transactions in T-accounts. This lesson illustrates how to rule and total each account in the ledger to determine the balance of each account.

The learning activity will provide an opportunity for you to practice calculating new balances in the General Ledger.

### Calculating New Account Balances

The balance of an account is the difference between the total on the debit (left) side of an account and the total on the credit (right) side of an account.

An account balance is generally positive and, as such, is recorded on the same side of the account as the beginning balance.

## Examples

Cash			
Jun 1	14,000		
		3,000	Jun 7
		5,000	13
22	10,000		
Balance	16,000		

Equipment			
Jun 1	8,000		
6	5,000		
Balance	13,000		

Accounts Payable			
		5,000	Jun 1
		3,000	3
Jun 25	2,000		
		6,000	Balance

### Steps to Calculate New Account Balances (e.g., Cash-T-account)

- Add the debit (left) side of the account for a total.  
(e.g.,  $14,000 + 10,000 = 24,000$ )
- Add the credit (right) side of the account for a total.  
(e.g.,  $3,000 + 5,000 = 8,000$ )
- Subtract the smaller number from the larger number.  
(e.g.,  $24,000 - 8,000 = 16,000$ )
- Place the ending balance on the same side as the larger total. (Generally, this is the same side as the beginning balance.)

Assets will generally have a debit (left) balance.

Liabilities will generally have a credit (right) balance.

Owner's Equity will generally have a credit (right) balance.

## General Ledger for Strong Arm Fitness with balances

Cash			
Jul 31	10,000.00		
		5,000.00	Aug 2
		2,000.00	15
Aug 28	10,000.00	500.00	21
Balance	12,500.00		

Accounts Receivable			
Jul 31	5,000.00		
Balance	5,000.00		

Equipment			
Jul 31	50,000.00		
Aug 2	5,000.00		
15	12,000.00		
Balance	67,000.00		

Furniture			
Jul 31	35,000.00		
Aug 8	8,000.00		
Balance	43,000.00		

Building			
Jul 31	150,000.00		
Balance	150,000.00		

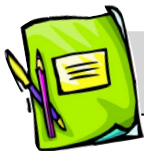
Land			
Jul 31	100,000.00		
Balance	100,000.00		

Accounts Payable			
		10,000.00	July 31
		8,000.00	Aug 8
Aug 21	500.00	17,500.00	Balance

Bank Loan Payable			
		15,000.00	Jul 31
		10,000.00	Aug 15
		25,000.00	Balance

Mortgage Payable			
		175,000.00	July 31
		175,000.00	Balance

J. Koe, Capital			
		150,000.00	July 31
		10,000.00	Aug 28
		160,000.00	Balance



## Learning Activity 2.2

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Using your files from Learning Activity 2.1, rule and total all T-accounts for Blue Grass Lawn Care and Dr. Le Phang, Dentist.

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### End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 2 Learning Activity Answer Key to ensure that your answers are correct.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next lesson builds on the outcomes you just finished.

## LESSON 3: PREPARING A TRIAL BALANCE

### Lesson Focus

By the end of this lesson, you should be able to

- explain the purpose of the trial balance
- describe the structure of the trial balance
- prepare a trial balance from a T-account ledger

### Introduction

The balances of the General Ledger accounts (T-accounts) that you calculated in the previous lesson can now be used in this lesson to prepare a trial balance. The trial balance is a listing of all of the accounts used in a business and their balances, generally for a period of one month.

### Definition



The **trial balance** is a list of the ledger accounts and their balances. The total of the debit balances must equal the total of the credit balances.

### Purpose

- The trial balance indicates the mathematical accuracy of the ledger.
- The trial balance provides a summary of all ledger account balances.
- The trial balance provides a basis for the preparation of a balance sheet.

Following is the trial balance for Strong Arm Fitness. You will notice that the balances match the T-accounts shown previously. The balances on the trial balance must be identical to the final balances in the T-accounts.

## Structure

The trial balance is not a formal accounting statement, but it does have rules that must be followed. The trial balance has three major columns: one for the accounts, one for the debit amounts, and one for the credit amounts.

Strong Arm Fitness			
Trial Balance			
August 31, 2015			
Cash		\$ 12,500.00	
Accounts Receivable		5,000.00	
Equipment		67,000.00	
Furniture		43,000.00	
Building		150,000.00	
Land		100,000.00	
Accounts Payable			\$ 17,500.00
Bank Loan Payable			25,000.00
Mortgage Payable			175,000.00
J. Koe, Capital			160,000.00
Totals		\$ 377,500.00	\$ 377,500.00

3-Line Heading:

- Who (name of company)
- What (name of statement)
- When (date of statement)

The Body:  
Accounts listed in order of the ledger.

Dollar Signs:

- At the top of all columns
- After every underline within the same column

The total of the debit side must equal the total of the credit side.

Underlines:

- Columns to be calculated have a single underline
- Final totals have a double underline

The trial balance consists of two sections.

### 1. The Heading (which has three lines)

- a) The “**who**”—the name of the business or the name of the owner, if he/she is a professional (e.g., dentist, lawyer, etc.) operating without a business name (e.g., Strong Arm Fitness)
- b) The “**what**”—name of the statement (e.g., Trial Balance)
- c) The “**when**”—a trial balance shows the list of accounts for a specific date only (e.g., August 31, 2015). The date is always written so that the month is spelled out, the day of the month is followed by a comma, and the year is listed with four digits.

### 2. The Body

- a) All accounts are listed in the **same order** as in the ledger with the amount of the balance shown in the appropriate debit or credit column. **Accounts with a zero balance are not listed.**

**Underlines:**

The use of underlines helps the reader of the statement know that a calculation has taken place. Columns to be calculated have a single underline, while final totals have a double underline.

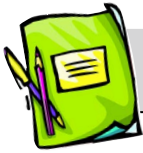
**Dollar signs:**

Notice that dollar signs are strategically placed at the top of all columns and after every underline within the same column.

**Final totals:**

The total of the debit column must equal the total of the credit column.

If debits and credits are equal, there is a good chance that no errors have been made. In spite of this, a trial balance is not foolproof. You could have debited or credited the wrong accounts and your final balance would still be the same; however, your individual accounts would be inaccurate. This is why you should always double check your work. Remember, an error made here will carry through later. Accuracy is important!



## Learning Activity 2.3

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**1. Blue Grass Lawn Care**

- a) Open the file called "Mod 2 LA 2.3 BGLC."
- b) Using your account balances from Learning Activity 2.2 create a trial balance for Blue Grass Lawn Care, for the month of October.

**2. Dr. Le Phang, Dentist**

- a) Open the file called "Mod 2 LA 2.3 DLPD."
  - b) Using your account balances from Learning Activity 2.2 create a trial balance for Dr. Le Phang, Dentist, for the month of April.
-

## End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 2 Learning Activity Answer Key to ensure that your answers are correct.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next lesson builds on the outcomes you just finished.



## LESSON 4: PREPARING AN UPDATED BALANCE SHEET AFTER CHANGES IN FINANCIAL POSITION

### Lesson Focus

By the end of this lesson, you should be able to

- summarize the results of changes to the fundamental elements of the accounting equation by preparing an updated balance sheet

### Introduction

The balance sheet was introduced in Lesson 2 of Module 1. Business transactions change the picture of a company and change the accounting equation; therefore, the balance sheet created before these transactions is not accurate and must be updated to reflect these new transactions.

The balances (totals) of the T-accounts ledger, as at the end of the month, will be used for the updated balance sheet.

Assignment 2.1 follows this lesson.

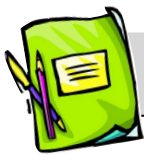
### Preparing an Updated Balance Sheet

Recording transactions results in changes to the General Ledger accounts. Once these changes have been recorded in the appropriate accounts, the previous balance sheet becomes outdated.

Businesses need a clear idea of their financial position at all times, so they usually decide on specific intervals (i.e., daily, weekly, or monthly) when they will prepare updated balance sheets. By doing so, businesses summarize the affects of the transactions on their asset, liability, and owner's equity accounts.

Below is an updated balance sheet for Strong Arm Fitness. To create the balance sheet, the trial balance totals from the previous lesson were used. Remember these totals are the same as the final balances in the T-accounts ledger.

Strong Arm Fitness			
Balance Sheet			
August 31, 2015			
Assets		Liabilities	
Cash	\$ 12,500.00	Accounts Payable	\$ 17,500.00
Accounts Receivable	5,000.00	Bank Loan Payable	25,000.00
Equipment	67,000.00	Mortgage Payable	175,000.00
Furniture	43,000.00	Total Liabilities	\$ 217,500.00
Building	150,000.00		
Land	100,000.00	Owner's Equity	
		J. Koe, Capital	160,000.00
Total Assets	\$ 377,500.00	Total Liabilities and Owner's Equity	\$ 377,500.00



## Learning Activity 2.4

### 1. Blue Grass Lawn Care

- Open the file called "Mod 2 LA 2.4 BGLC."
- Using your trial balance from Learning Activity 2.3 create an updated balance sheet for Blue Grass Lawn Care, for the month of October.

### 2. Dr. Le Phang, Dentist

- Open the file called "Mod 2 LA 2.4 DLPD."
- Using your trial balance from Learning Activity 2.3 create an updated balance sheet for Dr. Le Phang, Dentist, for the month of April.

## End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 2 Learning Activity Answer Key to ensure that your answers are correct.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next module builds on the outcomes you just finished.

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## Notes



## Assignment 2.1

You are about to start the second assignment that will be submitted to the Distance Learning Unit. This assignment is based on the Learning Activities that you have already completed. For each question, note the amount of marks it is worth. Any errors will cause a loss of mark(s). Check your work carefully before submitting it.

### 1. Snips Hair Care

- a) Open the file “Mod 2 A1.” Save the file as “Your name Mod 2 A1.”
- b) Snips Hair Care had the following opening balances on April 1. Using the “T-Accounts” sheet, open the following T-accounts and record the opening balances. (2 marks)

Cash	12,000
Accounts Receivable	600
Supplies	900
Equipment	5,500
Furniture	6,000
Accounts Payable	2,500
Bank Loan Payable	8,500
I. Kutz, Capital	14,000

- c) Snips Hair Care had the following transactions during the month of April. Record the transactions in the T-accounts you created in question 1. Remember to make sure that your debits equal your credits for each transaction. (12 marks)
- Apr. 3—made a \$300 payment for furniture purchased previously.
  - Apr. 8—bought supplies for \$250 cash.
  - Apr. 12—bought \$3,500 worth of equipment. \$2,000 was paid in cash, while the remainder is due in three months.
  - Apr. 28—made a \$1,000 payment for a hair dryer purchased previously.
  - Apr. 29—the owner invested \$3,000 worth of furniture into the business.
  - Apr. 30—made a bank loan payment in the amount of \$800.
- d) Rule and total the T-Accounts for Snips Hair Care. (3 marks)
- e) Using the “Trial Balance” sheet create a trial balance for Snips Hair Care. (4 marks)
- f) Using the “Balance Sheet” sheet create an updated balance sheet for Snips Hair Care. (4 marks)

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## Notes

## MODULE 2 SUMMARY

Congratulations on completing Module 2! You should now have a good understanding of debits and credits. Make sure that you review this topic over and over, as mixing up your debits and credits will cause all sorts of errors in your work throughout the rest of this course. You also learned the proper set up for the trial balance. You will be completing more trial balances in the future, so make sure you remember the rules.

In Module 3, you will learn how to record more transactions that reflect business operations. You will learn yet another financial statement—the income statement. You will also be updating the financial statements that you have already created, and you will learn a new format for the balance sheet.



### Submitting Your Assignments

---

It is now time for you to submit Assignment 2.1 to the Distance Learning Unit so that you can receive some feedback on how you are doing in this course. Remember that you must submit all the assignments in this course before you can receive your credit.

Make sure you have completed all parts of your Module 2 assignment and organize your material in the following order

- Module 2 Cover Sheet (found at the end of the course Introduction)
- Assignment 2.1
  - Excel File “Mod 2 A1”
    - T-Accounts
    - Trial Balance
    - Balance Sheet

For instructions on submitting your assignment, refer to How to Submit Assignments in the course introduction.

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## Notes





GRADE 11 ACCOUNTING  
ESSENTIALS (30S)

Module 2  
Debits and Credits

Learning Activity Answer Key



## MODULE 2: DEBITS AND CREDITS

### Learning Activity 2.1

#### 1. Blue Grass Lawn Care

In Learning Activity 1.3 you used a table to keep track of the October transactions for Blue Grass Lawn Care. You will now record these transactions into T-accounts.

- a) Open the file called “Mod 2 LA 2.1 BGLC.”
- b) Create a T-account for each of the following accounts. Record the opening balances as of October 1.

Cash	7,500
Accounts Receivable	500
Equipment	2,000
Accounts Payable	1,000
Bank Loan Payable	5,000
M. Clemmons, Capital	4,000

- c) Record the following transactions in the T-accounts you just created.
  - i) Oct. 3—purchased \$400 worth of equipment with cash.
  - ii) Oct. 7—made a payment on their bank loan worth \$1,000.
  - iii) Oct. 18—the owner invested \$1,000 worth of computer equipment into the business.
  - iv) Oct. 25—bought more computer equipment worth \$500, of which \$200 was paid in cash, and the remainder is to be paid in one month.

Remember, each transaction is recorded on a new line to make it easier to track transactions.

Answer:

## Blue Grass Lawn Care

Cash			
Oct 1	7,500.00		
		400.00	Oct 3
		1,000.00	7
		200.00	25

Accounts Receivable			
Oct 1	500.00		

Equipment			
Oct 1	2,000.00		
3	400.00		
18	1,000.00		
25	500.00		

Accounts Payable			
		1,000.00	Oct 1
		300.00	25

Bank Loan Payable			
		5,000.00	Oct 1
Oct 7	1,000.00		

M. Clemmons, Capital			
		4,000.00	Oct 1
		1,000.00	18

## 2. Dr. Le Phang, Dentist

In Learning Activity 1.3 you used a table to keep track of the April transactions for Dr. Le Phang, Dentist. You will now record these transactions into T-accounts.

- a) Open the file called “Mod 2 LA 2.1 DLPD.”
- b) Create a T-account for each of the following accounts. Record the opening balances as of April 1.

Cash	4,500
Accounts Receivable	3,000
Dental Supplies	500
Equipment	15,000
Furniture	7,000
Building	45,000
Land	25,000
Accounts Payable	13,000
Bank Loan Payable	12,000
Mortgage Payable	50,000
L. Phang, Capital	25,000

- c) Record the following transactions in the T-accounts you just created.
  - i) Apr. 5—purchased \$100 worth of dental supplies with cash.
  - ii) Apr. 10—bought new furniture in the amount of \$3,000, of which \$1,000 was paid in cash and the remainder is due in three months.
  - iii) Apr. 17—the owner invested \$5,000 into the business.
  - iv) Apr. 30—made a mortgage payment of \$1,000.

Answer:

## Dr. Le Phang, Dentist

Cash			
Apr 1	4,500.00		
		100.00	Apr 5
		1,000.00	10
17	5,000.00	1,000	30

Accounts Receivable	
Apr 1	3,000.00

Dental Supplies	
Apr 1	500.00
5	100.00

Equipment	
Apr 1	15,000.00

Furniture	
Apr 1	7,000.00
10	3,000.00

Building	
Apr 1	45,000.00

Land	
Apr 1	25,000.00

Accounts Payable		
	13,000.00	Apr 1
	2,000.00	10

Bank Loan Payable		
	12,000.00	Apr 1

Mortgage Payable		
Apr 30	1,000.00	Apr 1
	50,000.00	

L. Phang, Capital		
	25,000.00	Apr 1
	5,000.00	

## Learning Activity 2.2

Using your files from Learning Activity 2.1, rule and total all T-accounts for Blue Grass Lawn Care and Dr. Le Phang, Dentist.

*Answer:*

### Blue Grass Lawn Care

Cash			
Oct 1	7,500.00		
		400.00	Oct 3
		1,000.00	7
		200.00	25
Balance	5,900.00		

Accounts Receivable			
Oct 1	500.00		
Balance	500.00		

Equipment			
Oct 1	2,000.00		
3	400.00		
18	1,000.00		
25	500.00		
Balance	3,900.00		

Accounts Payable			
		1,000.00	Oct 1
		300.00	25
		1,300.00	Balance

Bank Loan Payable			
		5,000.00	Oct 1
Oct 7	1,000.00		
		4,000.00	Balance

M. Clemmons, Capital			
		4,000.00	Oct 1
		1,000.00	18
		5,000.00	Balance

# Dr. Le Phang, Dentist

Cash			
Apr 1	4,500.00		
		100.00	Apr 5
		1,000.00	10
17	5,000.00	1,000.00	30
Balance	7,400.00		

Accounts Receivable			
Apr 1	3,000.00		
Balance	3,000.00		

Office Supplies			
Apr 1	500.00		
5	100.00		
Balance	600.00		

Equipment			
Apr 1	15,000.00		
Balance	15,000.00		

Furniture			
Apr 1	7,000.00		
10	3,000.00		
Balance	10,000.00		

Building			
Apr 1	45,000.00		
Balance	45,000.00		

Land			
Apr 1	25,000.00		
Balance	25,000.00		

Accounts Payable			
		13,000.00	Apr 1
		2,000.00	10
		15,000.00	Balance

Bank Loan Payable			
		12,000.00	Apr 1
		12,000.00	Balance

Mortgage Payable			
		50,000.00	Apr 1
Apr 30	1,000.00	49,000.00	Balance

L. Phang, Capital			
		25,000.00	Apr 1
		5,000.00	
		30,000.00	Balance



## Learning Activity 2.3

### 1. Blue Grass Lawn Care

- Open the file called "Mod 2 LA 2.3 BGLC."
- Using your account balances from Learning Activity 2.2 create a trial balance for Blue Grass Lawn Care, for the month of October.

*Answer:*

Blue Grass Lawn Care			
Trial Balance			
October 31, 20xx			
Cash		\$ 5,900.00	
Accounts Receivable		500.00	
Equipment		3,900.00	
Accounts Payable			\$ 1,300.00
Bank Loan Payable			4,000.00
M. Clemmons, Capital			5,000.00
Totals		\$ 10,300.00	\$ 10,300.00

### 2. Dr. Le Phang, Dentist

- Open the file called "Mod 2 LA 2.3 DLDP."
- Using your account balances from Learning Activity 2.2 create a trial balance for Dr. Le Phang, Dentist, for the month of April.

*Answer:*

Dr. Le Phang, Dentist			
Trial Balance			
April 30, 20xx			
Cash		\$ 7,400.00	
Accounts Receivable		3,000.00	
Dental Supplies		600.00	
Equipment		15,000.00	
Furniture		10,000.00	
Building		45,000.00	
Land		25,000.00	
Accounts Payable			\$ 15,000.00
Bank Loan Payable			12,000.00
Mortgage Payable			49,000.00
L. Phang, Capital			30,000.00
Totals		\$ 106,000.00	\$ 106,000.00

## Learning Activity 2.4

### 1. Blue Grass Lawn Care

- Open the file called “Mod 2 LA 2.4 BGLC.”
- Using your trial balance from Learning Activity 2.3 create an updated balance sheet for Blue Grass Lawn Care, for the month of October.

*Answer:*

Blue Grass Lawn Care			
Balance Sheet			
October 31, 20xx			
Assets		Liabilities	
Cash	\$ 5,900.00	Accounts Payable	\$ 1,300.00
Accounts Receivable	500.00	Bank Loan Payable	4,000.00
Equipment	3,900.00	Total Liabilities	\$ 5,300.00
		Owner's Equity	
		M. Clemmons, Capital	5,000.00
Total Assets	\$ 10,300.00	Total Liabilities and Owner's Equity	\$ 10,300.00

### 2. Dr. Le Phang, Dentist

- Open the file called “Mod 2 LA 2.4 DLPD.”
- Using your trial balance from Learning Activity 2.3 create an updated balance sheet for Dr. Le Phang, Dentist, for the month of April.

*Answer:*

Dr. Le Phang, Dentist			
Balance Sheet			
April 30, 20xx			
Assets		Liabilities	
Cash	\$ 7,400.00	Accounts Payable	\$ 15,000.00
Accounts Receivable	3,000.00	Bank Loan Payable	12,000.00
Dental Supplies	600.00	Mortgage Payable	49,000.00
Equipment	15,000.00	Total Liabilities	\$ 76,000.00
Furniture	10,000.00		
Building	45,000.00	Owner's Equity	
Land	25,000.00	L. Phang, Capital	30,000.00
Total Assets	\$ 106,000.00	Total Liabilities and Owner's Equity	\$ 106,000.00

## MODULE 2 SUMMARY

Congratulations on completing Module 2! You should now have a good understanding of debits and credits. Make sure that you review this topic over and over, as mixing up your debits and credits will cause all sorts of errors in your work throughout the rest of this course. You also learned the proper set up for the trial balance. You will be completing more trial balances in the future, so make sure you remember the rules.

In Module 3, you will learn how to record more transactions that reflect business operations. You will learn yet another financial statement—the income statement. You will also be updating the financial statements that you have already created, and you will learn a new format for the balance sheet.



### Submitting Your Assignments

---

It is now time for you to submit Assignment 2.1 to the Distance Learning Unit so that you can receive some feedback on how you are doing in this course. Remember that you must submit all the assignments in this course before you can receive your credit.

Make sure you have completed all parts of your Module 2 assignment and organize your material in the following order

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- Assignment 2.1
  - Excel File “Mod 2 A1”
    - T-Accounts
    - Trial Balance
    - Balance Sheet

For instructions on submitting your assignment, refer to How to Submit Assignments in the course introduction.

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## Notes



GRADE 11 ACCOUNTING  
ESSENTIALS (30S)

Module 2  
Debits and Credits

Learning Activity Answer Key



## MODULE 2: DEBITS AND CREDITS

### Learning Activity 2.1

#### 1. Blue Grass Lawn Care

In Learning Activity 1.3 you used a table to keep track of the October transactions for Blue Grass Lawn Care. You will now record these transactions into T-accounts.

- a) Open the file called “Mod 2 LA 2.1 BGLC.”
- b) Create a T-account for each of the following accounts. Record the opening balances as of October 1.

Cash	7,500
Accounts Receivable	500
Equipment	2,000
Accounts Payable	1,000
Bank Loan Payable	5,000
M. Clemmons, Capital	4,000

- c) Record the following transactions in the T-accounts you just created.
  - i) Oct. 3—purchased \$400 worth of equipment with cash.
  - ii) Oct. 7—made a payment on their bank loan worth \$1,000.
  - iii) Oct. 18—the owner invested \$1,000 worth of computer equipment into the business.
  - iv) Oct. 25—bought more computer equipment worth \$500, of which \$200 was paid in cash, and the remainder is to be paid in one month.

Remember, each transaction is recorded on a new line to make it easier to track transactions.

Answer:

## Blue Grass Lawn Care

Cash			
Oct 1	7,500.00		
		400.00	Oct 3
		1,000.00	7
		200.00	25

Accounts Receivable			
Oct 1	500.00		

Equipment			
Oct 1	2,000.00		
3	400.00		
18	1,000.00		
25	500.00		

Accounts Payable			
		1,000.00	Oct 1
		300.00	25

Bank Loan Payable			
		5,000.00	Oct 1
Oct 7	1,000.00		

M. Clemmons, Capital			
		4,000.00	Oct 1
		1,000.00	18



## 2. Dr. Le Phang, Dentist

In Learning Activity 1.3 you used a table to keep track of the April transactions for Dr. Le Phang, Dentist. You will now record these transactions into T-accounts.

- a) Open the file called “Mod 2 LA 2.1 DLPD.”
- b) Create a T-account for each of the following accounts. Record the opening balances as of April 1.

Cash	4,500
Accounts Receivable	3,000
Dental Supplies	500
Equipment	15,000
Furniture	7,000
Building	45,000
Land	25,000
Accounts Payable	13,000
Bank Loan Payable	12,000
Mortgage Payable	50,000
L. Phang, Capital	25,000

- c) Record the following transactions in the T-accounts you just created.
  - i) Apr. 5—purchased \$100 worth of dental supplies with cash.
  - ii) Apr. 10—bought new furniture in the amount of \$3,000, of which \$1,000 was paid in cash and the remainder is due in three months.
  - iii) Apr. 17—the owner invested \$5,000 into the business.
  - iv) Apr. 30—made a mortgage payment of \$1,000.

Answer:

## Dr. Le Phang, Dentist

Cash			
Apr 1	4,500.00		
		100.00	Apr 5
		1,000.00	10
17	5,000.00	1,000	30

Accounts Receivable	
Apr 1	3,000.00

Dental Supplies	
Apr 1	500.00
5	100.00

Equipment	
Apr 1	15,000.00

Furniture	
Apr 1	7,000.00
10	3,000.00

Building	
Apr 1	45,000.00

Land	
Apr 1	25,000.00

Accounts Payable		
	13,000.00	Apr 1
	2,000.00	10

Bank Loan Payable		
	12,000.00	Apr 1

Mortgage Payable		
Apr 30	1,000.00	50,000.00
		Apr 1

L. Phang, Capital		
	25,000.00	Apr 1
	5,000.00	

## Learning Activity 2.2

Using your files from Learning Activity 2.1, rule and total all T-accounts for Blue Grass Lawn Care and Dr. Le Phang, Dentist.

*Answer:*

### Blue Grass Lawn Care

Cash			
Oct 1	7,500.00		
		400.00	Oct 3
		1,000.00	7
		200.00	25
Balance	5,900.00		

Accounts Receivable			
Oct 1	500.00		
Balance	500.00		

Equipment			
Oct 1	2,000.00		
3	400.00		
18	1,000.00		
25	500.00		
Balance	3,900.00		

Accounts Payable			
		1,000.00	Oct 1
		300.00	25
		1,300.00	Balance

Bank Loan Payable			
		5,000.00	Oct 1
Oct 7	1,000.00		
		4,000.00	Balance

M. Clemmons, Capital			
		4,000.00	Oct 1
		1,000.00	18
		5,000.00	Balance

# Dr. Le Phang, Dentist

Cash			
Apr 1	4,500.00		
		100.00	Apr 5
		1,000.00	10
17	5,000.00	1,000.00	30
Balance	7,400.00		

Accounts Receivable			
Apr 1	3,000.00		
Balance	3,000.00		

Office Supplies			
Apr 1	500.00		
5	100.00		
Balance	600.00		

Equipment			
Apr 1	15,000.00		
Balance	15,000.00		

Furniture			
Apr 1	7,000.00		
10	3,000.00		
Balance	10,000.00		

Building			
Apr 1	45,000.00		
Balance	45,000.00		

Land			
Apr 1	25,000.00		
Balance	25,000.00		

Accounts Payable			
		13,000.00	Apr 1
		2,000.00	10
		15,000.00	Balance

Bank Loan Payable			
		12,000.00	Apr 1
		12,000.00	Balance

Mortgage Payable			
		50,000.00	Apr 1
Apr 30	1,000.00	49,000.00	Balance

L. Phang, Capital			
		25,000.00	Apr 1
		5,000.00	
		30,000.00	Balance

## Learning Activity 2.3

### 1. Blue Grass Lawn Care

- Open the file called "Mod 2 LA 2.3 BGLC."
- Using your account balances from Learning Activity 2.2 create a trial balance for Blue Grass Lawn Care, for the month of October.

*Answer:*

Blue Grass Lawn Care			
Trial Balance			
October 31, 20xx			
Cash		\$ 5,900.00	
Accounts Receivable		500.00	
Equipment		3,900.00	
Accounts Payable			\$ 1,300.00
Bank Loan Payable			4,000.00
M. Clemmons, Capital			5,000.00
Totals		\$ 10,300.00	\$ 10,300.00

### 2. Dr. Le Phang, Dentist

- Open the file called "Mod 2 LA 2.3 DLDP."
- Using your account balances from Learning Activity 2.2 create a trial balance for Dr. Le Phang, Dentist, for the month of April.

*Answer:*

Dr. Le Phang, Dentist			
Trial Balance			
April 30, 20xx			
Cash		\$ 7,400.00	
Accounts Receivable		3,000.00	
Dental Supplies		600.00	
Equipment		15,000.00	
Furniture		10,000.00	
Building		45,000.00	
Land		25,000.00	
Accounts Payable			\$ 15,000.00
Bank Loan Payable			12,000.00
Mortgage Payable			49,000.00
L. Phang, Capital			30,000.00
Totals		\$ 106,000.00	\$ 106,000.00

## Learning Activity 2.4

### 1. Blue Grass Lawn Care

- Open the file called “Mod 2 LA 2.4 BGLC.”
- Using your trial balance from Learning Activity 2.3 create an updated balance sheet for Blue Grass Lawn Care, for the month of October.

*Answer:*

Blue Grass Lawn Care			
Balance Sheet			
October 31, 20xx			
Assets		Liabilities	
Cash	\$ 5,900.00	Accounts Payable	\$ 1,300.00
Accounts Receivable	500.00	Bank Loan Payable	4,000.00
Equipment	3,900.00	Total Liabilities	\$ 5,300.00
		Owner's Equity	
		M. Clemmons, Capital	5,000.00
Total Assets	\$ 10,300.00	Total Liabilities and Owner's Equity	\$ 10,300.00

### 2. Dr. Le Phang, Dentist

- Open the file called “Mod 2 LA 2.4 DLPD.”
- Using your trial balance from Learning Activity 2.3 create an updated balance sheet for Dr. Le Phang, Dentist, for the month of April.

*Answer:*

Dr. Le Phang, Dentist			
Balance Sheet			
April 30, 20xx			
Assets		Liabilities	
Cash	\$ 7,400.00	Accounts Payable	\$ 15,000.00
Accounts Receivable	3,000.00	Bank Loan Payable	12,000.00
Dental Supplies	600.00	Mortgage Payable	49,000.00
Equipment	15,000.00	Total Liabilities	\$ 76,000.00
Furniture	10,000.00		
Building	45,000.00	Owner's Equity	
Land	25,000.00	L. Phang, Capital	30,000.00
Total Assets	\$ 106,000.00	Total Liabilities and Owner's Equity	\$ 106,000.00

## **Supporting Videos for Grade 11 Accounting**

### Module 2

1. [Video - Debits on the Left, Credits on the Right \(Jingle\)](#)
2. [Video - Colin Dodds - Debit Credit Theory](#)
3. [Video - Why are Debits on left Credits on Right? Could be reversed?](#)



GRADE 11 ACCOUNTING  
ESSENTIALS (30S)

Module 3  
The Income Statement





# MODULE 3: THE INCOME STATEMENT

## Introduction

The first two modules of this course introduced you to the accounting equation, the balance sheet, recording business transactions in t-accounts, and the trial balance. In Module 3, you will learn how to prepare the income statement—another financial statement. The income statement shows the profit or loss of a business. You will also learn how to record transactions that show the business making money, the business spending money, and the owner taking his or her earnings out of the business. Finally, you will learn how to update all of the financial statements you have learned so far, and you will create a new version of the balance sheet.

There are learning activities at the end of each lesson. The learning activities will help you prepare for the assignment. Remember, every module builds on the last, so it is important that you understand the previous concepts before moving on.

## Assignments in Module 3

When you have completed the assignment for Module 3, submit your completed assignment to the Distance Learning Unit either by mail or electronically through the learning management system (LMS). The staff will forward your work to your tutor/marker.

Lesson	Assignment	Marks
5	Assignment 3.1	35

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## Notes

# LESSON 1: PROFIT AND LOSS

## Lesson Focus

By the end of this lesson, you should be able to

- understand and explain the meaning of revenue and expense
- calculate net income or net loss

## Introduction

This lesson introduces how business activities determine whether a business has a profit or loss.

Revenues and expenses, in various proportions, determine a profit or loss for a business and change the accounting equation.

## Revenues



**Revenues** are the amounts earned by a business through the sale of goods or services (e.g., hairstyling, gym membership, or bookkeeping services). In other words, revenue is money coming into the business.

Some businesses classify revenue as sales, others may use the term rentals; it all depends on how the business is making its money. Strong Arm Fitness sells monthly memberships for \$50. Their Membership account is considered a revenue.

## Expenses



**Expenses** are the costs of items or services used in the routine operation of a business (e.g., paying for wages, hydro, or advertising). In other words, expenses are money leaving the business.

Strong Arm Fitness pays instructors to run their classes and pays the telephone bill. It also spends money on advertising. All of these items are considered expenses.

## Net Income



**Net income** is the difference between revenue and expenses when revenue is greater than expenses.

Example:

<b>Revenue</b> from selling memberships	\$7,500
<b>Expenses</b> used in the operation of the gym	<u>– 2,100</u>
<b>Net income</b> for the month of August	<u><u>\$5,400</u></u>

## Net Loss



**Net loss** is the difference between revenue and expenses when expenses are greater than revenue.

Example:

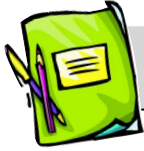
<b>Revenue</b> from lawn care services	\$3,700
<b>Expenses</b> used in the operation of lawn care	<u>– 4,500</u>
<b>Net loss</b> for the month	<u><u>\$(800)</u></u>

Notice that in the above example the \$800 is surrounded by brackets (). In accounting, this is used to represent a negative number. Since revenue is smaller than expenses the business will show a net loss. The brackets make the loss stand out.

## Accounting Period



Net income or net loss is determined for a stated period of time, known as an **accounting period**. The accounting period may be a week, a month, a quarter, a year, or any other period of time.



## Learning Activity 3.1

### 1. Calculating Net Income or Net Loss

- a) Calculate the net income or net loss for the following business situations, and identify the period of time in which the income or loss happens. Write your answers in the table provided. The first one has been done for you.
- i) Sales were \$2,000 and expenses were \$1,700 for January 1-7.
  - ii) Revenue for March was \$10,000 and expenses were \$3,000.
  - iii) Sales for the first three months of the year were \$14,500 and expenses totaled \$3,200.
  - iv) Fees earned \$6,500; expenses \$8,900, June 1-June 30.
  - v) Revenue \$950, expenses \$350, October 21-28.
  - vi) Revenue \$100,000, expenses \$55,000, July 1-June 30.
  - vii) Rental Revenue was \$500 and expenses were \$650, November 15-29.
  - viii) Sales \$295,000, cost of doing business was \$345,000, July 1-December 31.
  - ix) Money received was \$69,000, payments were \$33,000, July 1-September 30.
  - x) Sales of \$2,000, cost of doing business \$4,000, February 1-28.

	Accounting Period	Revenue	Expenses	Net Income (NI)/ Net Loss (NL)
1.	Week	\$2,000	\$1,700	NI = \$300
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				

## End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 3 Learning Activity Answer Key to ensure that your answers are correct.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next lesson builds on the outcomes you just finished.

# LESSON 2: PREPARING AN INCOME STATEMENT

## Lesson Focus

By the end of this lesson, you should be able to

- explain the purpose of the income statement
- describe the structure of the income statement
- prepare a formal income statement
- explain the Time Period Principle and the Matching Principle

## Introduction

An income statement shows the net profit or net loss for a business for a specific time period. A business stating that it has a net income of \$100,000 is meaningless if the time period is not known. A net income of \$100,000 earned in one week or one month is far more impressive than a net income of \$100,000 earned in five years. It is an accounting rule to specify the exact time period in which monies were earned.



The **time period principle** is an Accounting Standard that states that a business must consistently use the same time period for its financial records. This allows the business to compare data for similar periods of time. For example, the business owner can determine if they were as profitable this month as they were last month.

## Income Statement



An **income statement** is a financial statement showing net income or net loss for a **specific period of time (e.g., week, month, year, etc.)**.

### Structure

The income statement has three columns.

The first column is used to show the name of the revenue and expense account. The second column is used to show the amounts of each revenue and expense, while the third column is used for totals only.



A colon is placed after the Revenue and Expenses heading.

3-Line Heading:

- Who (name of company)
- What (name of financial statement)
- When (date of financial statement, including period of time)

Strong Arm Fitness		
Income Statement		
For the Month Ended September 30, 2015		
Revenue:		
Massage Therapy Revenue	\$ 6,500.00	
Personal Training Revenue	5,400.00	
Membership Revenue	4,100.00	\$ 16,000.00
Expenses:		
Advertising Expense	\$ 300.00	
Stationery Expense	150.00	
Telephone/Internet Expense	120.00	
Utilities Expense	180.00	
Wages Expense	9,600.00	10,350.00
Net Income		\$ 5,650.00

Body (2 sections):

- Revenue—listed from largest to smallest
- Expenses—listed in alphabetical order

Dollar Signs:

- At the top of all columns
- After every underline within the same column

Underlines:

- Columns to be calculated have single underline
- Final totals have double underline

The income statement consists of two sections.

1. The **Heading** (which has three lines)

- a) The **“who”**—the name of the business or the name of the owner, if he/she is a professional (dentist, lawyer, etc.) operating without a business name (e.g., Strong Arm Fitness)
- b) The **“what”**—the name of the statement (e.g., Income Statement)
- c) The **“when”**—an income statement shows the net income or net loss up for a specific time period (e.g., For the Month Ended September 30, 2015). The date is always written so that the words “For the month (or year, or quarter) ended” are typed before the date. The month is spelled out, the day of the month is followed by a comma, and the year is listed with four digits.

## 2. The **Body**

The body of the income statement summarizes the various revenue and expense items.

- a) **Revenue** is listed first. Revenue is listed from largest to smallest. The amounts are listed on the first money column and are totalled in the second money column. If there is only one revenue item, the amount is simply listed in the second money column, as per the following example.

Strong Arm Fitness		
Income Statement		
For the Month Ended September 30, 2015		
Revenue:		
Massage Therapy Revenue		\$16,000.00
Expenses:		

- b) **Expense** items are listed in alphabetical order. The amounts are listed in the first money column and are totalled in the second money column.
- c) **Net income** (or loss) is calculated by subtracting total expenses from total revenue. It is shown in the second money column.

### **Underlines:**

The use of underlines helps the reader of the financial statement know that a calculation has taken place. Columns to be calculated have a single underline, while final totals have a double underline.

### **Dollar signs:**

Notice that dollar signs are strategically placed at the top of all columns and after every underline within the same column.

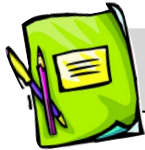
## The Matching Principle

A business must record revenue and expenses incurred for the same period of time. In other words,

- a) Revenues are recorded when **earned**, rather than when received (e.g., a customer purchased goods from X Co. in January, but did not pay until March—the revenue from that sale must be recorded on the January income statement).
- b) Expenses are recorded as they are **incurred** (e.g., the repair bill on the company car was received in May, but was not paid until June—that repair expense must be recorded on the May income statement).



By completing these procedures, a business is **matching** its revenue against its expenses for a specific accounting period. This is an Accounting Standard called the **Matching Principle**.



## Learning Activity 3.2

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### 1. Blue Grass Lawn Care

- a) Open the file called “Mod 3 LA 3.2 BGLC.”
- b) Create an income statement for **Blue Grass Lawn Care** for the month of November (use the current year). The following accounts must be used to create the income statement.

Accounts	Balances
Advertising Expense	150
Phone Expense	120
Gas Expense	600
Lawn Maintenance Revenue	1,800
Landscaping Revenue	4,200
Utilities Expense	75
Wages Expense	3,200

*continued*

## Learning Activity 3.2 (continued)

### 2. Dr. Le Phang, Dentist

- a) Open the file called “Mod 3 LA 3.2 DLDP.”
- b) Create an income statement for **Dr. Le Phang, Dentist** for the month of May (use the current year). The following accounts must be used to create the income statement.

Accounts	Balances
Dental Supplies Expense	600
Dental Fees	14,500
Salaries Expense	7,500
Telephone/Internet Expense	120
Utilities Expense	160
Cable Expense	80
Advertising Expense	500
Office Cleaning Expense	800
Insurance Expense	1200
Miscellaneous Expense	250

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### End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 3 Learning Activity Answer Key to ensure that your answers are correct.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next lesson builds on the outcomes you just finished.

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## Notes

# LESSON 3: WORKING WITH REVENUE AND EXPENSE ACCOUNTS

## Lesson Focus

By the end of this lesson, you should be able to

- identify increases and decreases in income statement accounts
- record transactions using revenue and expense accounts
- explain the Revenue Recognition principle
- explain the Expense Recognition principle

## Introduction

This lesson describes revenue and expense accounts and how they affect the accounting equation.

You will add revenue and expense accounts to the ledger and analyze transactions involving revenues and expenses.

## Debit and Credit Review

Assets		=	Liabilities + Owner's Equity	
Account Title			Account Title	
Debit +	Credit -		Debit -	Credit +
Increase	Decrease		Decrease	Increase

## Revenue Accounts

One of the primary functions of a business is to earn revenue. For example, Strong Arm Fitness made \$16,000 in revenue in the month of September. Earning revenue has a **positive** effect on owner's equity. Rather than record all revenue earned in the one owner's equity account (Capital), create accounts for each type of revenue.

Example:

Membership Revenue	

Personal Training Revenue	

Massage Therapy Revenue	

Since these revenue accounts **increase** owner's equity, revenue is recorded on the **credit side** of the revenue accounts.

**Revenues are credits since they increase owner's equity.**

Membership Revenue	
	4,100 Sep 30

Personal Training Revenue	
	5,400 Sep 30

Massage Therapy Revenue	
	6,500 Sep 30

## Expense Accounts

In order for a business to earn revenue, money must be spent or expenses must be incurred (e.g., renting building, or paying for utilities such as hydro or water). Look back at the income statement for Strong Arm Fitness. You will see that they spent money on advertising, stationery, telephone/Internet, utilities, and wages. These expenses have a negative effect on owner's equity. Rather than record all expenses on the debit side of the one owner's equity account (Capital), create accounts for each type of expense.

Example:

Advertising Expense	
Stationery Expense	
Telephone/Internet Expense	
Utilities Expense	
Wages Expense	



Since these expense accounts **decrease** owner's equity, expenses are recorded on the **debit side** of the expense accounts.

**Expenses are debits because they decrease owner's equity.**

Advertising Expense	
Sep 30	300

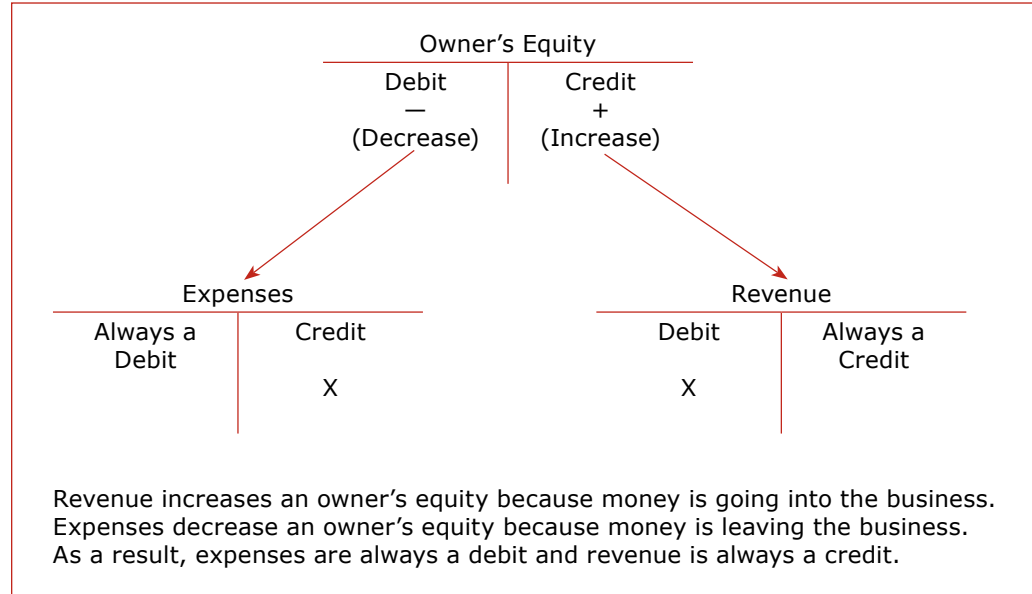
Stationery Expense	
Sep 30	150

Telephone/Internet Expense	
Sep 30	120

Utilities Expense	
Sep 30	180

Wages Expense	
Sep 30	9,600

## Summary of Revenue and Expense (Debit and Credit) Rules



## Revenue and Expense Transaction Analysis

Transactions that involve revenue or expense accounts always affect one revenue or one expense account, plus one balance sheet account (asset or liability).

Study the following revenue and expense transactions for Strong Arm Fitness.

### October 1

Strong Arm Fitness received \$50 cash for a one-month membership.

- a) Debit Cash (assets increase on the left)
- b) Credit Membership Revenue (revenues go on the right because they increase owner's equity)

Cash	
Oct 1	50
Membership Revenue	
	50      Oct 1

**October 6**

Jennifer Bliss, a member, receives a one-hour personal training session worth \$60. Payment is due in one month.

- a) Debit Accounts Receivable (assets increase on the left)
- b) Credit Personal Training Revenue (revenues go on the right because they increase owner's equity)

Accounts Receivable	
Oct 6	60

Personal Training Revenue	
	60
	Oct 6

**October 15**

Received a cheque for \$60 from Jennifer Bliss for the October 6 session.

- a) Debit Cash (assets increase on the left)
- b) Credit Accounts Receivable (assets decrease on the right)

Cash	
Oct 15	60

Accounts Receivable	
	60
	Oct 15

**October 18**

Paid \$300 to Pineridge Printing Ltd. for brochures, which will be used to advertise the various services.

- a) Debit Advertising Expense (expenses go on the left because they decrease owner's equity)
- b) Credit Cash (assets decrease on the right)

Advertising Expense	
Oct 18	300

Cash	
	300
	Oct 18

**October 22**

Received invoice #MBHY1022 in the amount of \$200 for the October utilities used. This invoice is due in 30 days.

- a) Debit Utilities Expense (expenses go on the left because they decrease owner's equity)
- b) Credit Accounts Payable (liabilities increase on the right)

Utilities Expense	
Oct 22	200

Accounts Payable	
	200
	Oct 22

### October 31

Paid invoice #MBHY1022 in full.

- a) Debit Accounts Payable (liabilities decrease on left)
- b) Credit Cash (assets decrease on right)

Accounts Payable	
Oct 31	200

Cash	
	200      Oct 31

**When Revenues increase, net income increases. When Expenses increase, net income decreases.**

### Revenue Recognition Principle

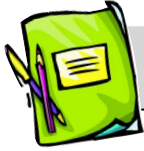


Revenue must be recorded as earned revenue **at the time of the sale**, regardless of whether that sale was made by cash or on credit. Even if a customer buys on credit and pays later, the revenue must be recorded at the time of the sale. This is known as the **Revenue Recognition Principle**.

### Expense Recognition Principle



Expenses must be recognized and recorded at the time when the expenses are incurred. This must happen regardless of whether the expense was paid for by cash or on credit. This is known as the **Expense Recognition Principle**.



## Learning Activity 3.3

### 1. Blue Grass Lawn Care

- a) Open the file called “Mod 3 LA 3.3 BGLC.”
- b) Open the following T-accounts and enter the December opening balances (zero amounts are not entered, only open the account). Remember to place expenses in alphabetical order.

Cash	7,300
Accounts Receivable	400
Equipment	3,900
Accounts Payable	900
Bank Loan Payable	5,000
M. Clemmons, Capital	5,700
M. Clemmons, Drawings*	0
Lawn Maintenance, Revenue	0
Landscaping Revenue	0
Phone Expense	0
Gas Expense	0
Utilities Expense	0
Advertising Expense	0
Wages Expense	0

\* You will learn about this account later. For now, simply create the account.

*continued*

### Learning Activity 3.3 (continued)

- c) Record the following transactions in the T-accounts.
  - i) Dec. 4—received \$400 cash for removing snow from a client’s yard (Lawn Maintenance).
  - ii) Dec. 5—received \$50 bill for advertising. Payment is due next month.
  - iii) Dec. 12—planned a corn maze (Landscaping) for a farm for next spring for \$250. Payment is due in one month.
  - iv) Dec. 15—paid the phone bill. The amount was \$120, paid by cheque.
  - v) Dec. 21—purchased \$65 worth of gas for the snow blower. Paid in cash.
  - vi) Dec. 27—received the utilities bill in the amount of \$75. The bill is due in one month.
  - vii) Dec. 28—paid employees \$2,800.
  - viii) Dec. 30—received \$250 from the December 12 client.
- d) Rule and total the T-accounts. When you are finished, the total of all debits should equal the total of all credits.

*continued*

## Learning Activity 3.3 (continued)

### 2. Dr. Le Phang, Dentist

Record the following revenue and expense transactions in T-accounts. You will need to do the following.

- a) Open the file called "Mod 3 LA 3.3 DLPD."
- b) Open the following T-accounts and enter the June opening balances (zero amounts are not entered, only open the account).

Cash	9,800
Accounts Receivable	2,500
Dental Supplies	800
Equipment	16,000
Furniture	10,000
Building	45,000
Land	25,000
Accounts Payable	12,600
Bank Loan Payable	8,780
Mortgage Payable	49,000
L. Phang, Capital	38,720
L. Phang, Drawings	0
Dental Fees	0
Cable Expense	0
Dental Supplies Expense	0
Advertising Expense	0
Office Cleaning Expense	0
Telephone/Internet Expense	0
Utilities Expense	0
Salaries Expense	0
Insurance Expense	0

*continued*



### Learning Activity 3.3 (continued)

- c) Record the following transactions in the T-accounts you just created.
- i) Jun. 1—received \$1,400 cash for dental fees.
  - ii) Jun. 3—paid the insurance bill. The amount of \$1,630 was paid by cheque.
  - iii) Jun. 5—paid the utilities bill. The amount was \$160, paid by cheque.
  - iv) Jun. 6—paid \$100 to print brochures to advertise for D. L. Phang.
  - v) Jun. 10—charged \$5,500 for dental fees. Payment is due in one month.
  - vi) Jun. 11—paid \$300 to repair dental supplies.
  - vii) Jun. 15—paid \$3750 in salaries.
  - viii) Jun. 17—received a bill for office cleaning in the amount of \$250. This will be paid for at a later date.
  - ix) Jun. 23—received the telephone/Internet bill in the amount of \$120. The bill is due in one month.
  - x) Jun 28—received the cable bill in the amount of \$80. The bill is due next month.
  - xi) Jun. 30—received \$3,000 from the June 10 client.
- c) Rule and total the T-accounts.
- 

### End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 3 Learning Activity Answer Key to ensure that your answers are correct.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next lesson builds on the outcomes you just finished.

## LESSON 4: DRAWINGS AND OWNER'S EQUITY

### Lesson Focus

By the end of this lesson, you should be able to

- record transactions using the Drawings account
- add net income or net loss to the balance sheet
- prepare an updated trial balance, income statement, and balance sheet

### Introduction

This lesson introduces the Drawings account, which is used to show the owner's withdrawal of money from the business. In addition, you will learn to update the owner's equity section to show the increase or decrease in the capital account.

### Drawings Account



The **Drawings account** is an account that indicates a **decrease to owner's equity**. This account is used to record the withdrawal of assets from the business by the owner for **his/her personal use**. Some examples of withdrawals are

- withdrawing cash for personal use
- taking equipment from the business for personal use
- taking merchandise for personal use
- using business funds to pay for personal expenses

Since Drawings will decrease owner's equity, the balance is recorded on the debit side of the T-account (opposite the capital account, which is a credit).

If John Koe decides to withdraw \$600 from Strong Arm Fitness for his personal use then the Drawings account is debited, as it decreases owner's equity, and the Cash account is credited, as the money is leaving the business, therefore decreasing the asset. See the following T-accounts.

Cash			
		600	Oct. 31
J. Koe, Drawings			
Oct 31	600	600	Oct 31

## Updated Owner's Equity Section

In Lesson 2, you learned how to calculate whether a business made or lost money by creating an income statement. Now that you know how to prepare an income statement, you need to learn how to include the resulting net income (or loss) on the balance sheet in order to update the Capital account. The updated Capital balance also must reflect withdrawals made by the owner during the accounting period.

The combination of net income/loss along with the amount of owner withdrawals will either increase or decrease the Capital account. Three outcomes are possible.

1. Capital increases when withdrawals are less than income

<b>Owner's Equity</b>			
H. Corn, Capital, July 1		\$53,000	
Add: Net Income for July	\$12,500		
Less: H. Corn, Drawings	<u>1,700</u>		
Increase in Capital		<u>10,800</u>	
H. Corn, Capital, July 31			<u><u>\$63,800</u></u>

2. Capital decreases when withdrawals are greater than income

<b>Owner's Equity</b>			
H. Corn, Capital, August 1		\$63,800	
Add: Net Income for August	\$7,500		
Less: H. Corn, Drawings	<u>8,000</u>		
Decrease in Capital		<u>500</u>	
H. Corn, Capital, August 31			<u><u>\$63,300</u></u>

3. Capital decreases when there is a loss and the owner has withdrawn assets

<b>Owner's Equity</b>		
H. Corn, Capital, September 1		\$63,300
Less: Net Loss	\$2,500	
Less: H. Corn, Drawings	<u>3,000</u>	
Decrease in Capital		<u>5,500</u>
H. Corn, Capital, September 30		<u><u>\$57,800</u></u>

The capital balance at the end of the period is the new account balance used to begin the next period.

Use the net income and withdrawal information for Strong Arm Fitness to calculate the new capital balance.

J. Koe, Capital, October 1		\$165,650
Add: Net Income	\$7,950	
Less: J. Koe, Drawings	<u>600</u>	
Increase in Capital		<u>7,350</u>
J. Koe, Capital, October 31		<u><u>\$173,000</u></u>

## Updated Trial Balance

After an accounting period has ended, a business will want an update on its financial position. This will provide the necessary financial information to operate the business more efficiently and profitably.

This process begins with the preparation of a **trial balance**, which indicates the mathematical accuracy of the General Ledger. **The accounts on a trial balance are listed in ledger order, assets, liabilities, owner's equity, revenues, and expenses** (balance sheet accounts followed by income statement accounts). Each account balance will normally be listed on the same side (debit or credit) as the beginning balance of the account. Accounts with a zero balance do not show on the trial balance.

<b>Account</b>	<b>Debit or Credit Balance</b>
Assets	Debit
Liabilities	Credit
Owner's Equity (Capital)	Credit
Owner's Equity (Drawings)	Debit
Revenue (increase to Owner's Equity)	Credit
Expenses (decrease to Owner's Equity)	Debit

The updated trial balance (which now includes drawings, revenues, and expenses) for Strong Arm Fitness follows.

Strong Arm Fitness			
Trial Balance			
October 31, 2015			
Cash		\$ 13,900.00	
Accounts Receivable		8,600.00	
Equipment		67,000.00	
Furniture		43,000.00	
Building		150,000.00	
Land		100,000.00	
Accounts Payable			\$ 14,500.00
Bank Loan Payable			25,000.00
Mortgage Payable			170,000.00
J. Koe, Capital			165,650.00
J. Koe, Drawings		600.00	
Massage Therapy Revenue			7,300.00
Personal Training Revenue			5,700.00
Membership Revenue			5,300.00
Advertising Expense		300.00	
Stationery Expense		150.00	
Telephone/Internet Expense		120.00	
Utilities Expense		180.00	
Wages Expense		9,600.00	
Totals		\$ 393,450.00	\$ 393,450.00

## Updated Income Statement

After a trial balance has been prepared, an income statement must be prepared. The resulting net income (or loss) will then be included in the balance sheet to bring the owner's equity up-to-date.

The following is the updated income statement for Strong Arm Fitness:

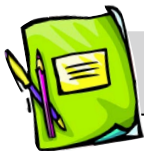
Strong Arm Fitness		
Income Statement		
For the month ended October 31, 2015		
Revenue:		
Massage Therapy Revenue	\$ 7,300.00	
Personal Training Revenue	5,700.00	
Membership Revenue	5,300.00	\$ 18,300.00
Expenses:		
Advertising Expense	\$ 300.00	
Stationery Expense	150.00	
Telephone/Internet Expense	120.00	
Utilities Expense	180.00	
Wages Expense	9,600.00	10,350.00
Net Income		\$ 7,950.00

## Updated Balance Sheet

After the trial balance and income statement have been prepared, a new balance sheet should be created to bring the owner's equity up-to-date.

The following is the updated balance sheet for Strong Arm Fitness:

Strong Arm Fitness					
Balance Sheet					
October 31, 2015					
Assets		Liabilities			
Cash	\$ 13,900.00	Accounts Payable			\$ 14,500.00
Accounts Receivable	8,600.00	Bank Loan Payable			25,000.00
Equipment	67,000.00	Mortgage Payable			170,000.00
Furniture	43,000.00	Total Liabilities			\$ 209,500.00
Building	150,000.00				
Land	100,000.00	Owner's Equity			
		J. Koe, Capital		\$ 165,650.00	
		Add: Net Income	\$ 7,950.00		
		Less: J. Koe, Drawings	600.00		
		Increase in Capital		7,350.00	
		J. Koe, Capital			173,000.00
Total Assets	\$ 382,500.00	Total Liabilities and Owner's Equity			\$ 382,500.00



## Learning Activity 3.4

1. Define the following terms in complete sentences.
  - a) Asset
  - b) Liability
  - c) Owner's Equity
  - d) Cost Principle
  - e) Accounts Receivable
  - f) Accounts Payable
  - g) Liquidity
  - h) Income Statement
  - i) Transaction
  
2. **Blue Grass Lawn Care**
  - a) Open the file called "Mod 3 LA 3.4 BGLC."
  - b) Copy the T-Accounts from the file you used for Learning Activity 3.3 into your files for Learning Activity 3.4.
  - c) Record the following drawings transactions in T-accounts.
    - i) Dec. 31—owner (Meryl Clemmons) withdraws \$1000 for personal use.
    - ii) Dec. 31—owner takes equipment worth \$500. This equipment is no longer usable in the business, but will be used at home for personal tasks.

**Hint:** Delete the balance lines in the accounts you need to use.
  - d) Rule and total the T-accounts that were affected by the above transactions.
  - e) Create an updated trial balance for Blue Grass Lawn Care for the month of December.

**Hint:** Remember to put the accounts in the correct order.
  - f) Create an updated income statement for Blue Grass Lawn Care for the month of December.
  - g) Create an updated balance sheet for Blue Grass Lawn Care for the month of December. Remember to re-calculate Owner's Equity.

*continued*



## Learning Activity 3.4

### 3. Dr. Le Phang, Dentist

- a) Open the file called “Mod 3 LA 3.4 DLPD.”
  - b) Copy the T-Accounts from the file you used for LA 3.3.
  - c) Record the following drawings transactions in T-accounts.
    - i) Jun. 30—owner (Le Phang) withdraws \$3,500 for personal use.
    - ii) Jun. 30—owner takes furniture worth \$5,000. Dr. Phang is going to give the furniture to his nephew for his new apartment.
- Hint:** Delete the balance lines in the accounts you need to use.
- d) Rule and total the T-accounts that were affected by the above transactions.
  - e) Create an updated trial balance for Dr. Le Phang, Dentist for the month of June.

**Hint:** Remember to put the accounts in the correct order.
  - f) Create an updated income statement for Dr. Le Phang, Dentist for the month of June.
  - g) Create an updated balance sheet for Dr. Le Phang, Dentist for the month of June. You will have to re-calculate Owner’s Equity.
- 

## End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 3 Learning Activity Answer Key to ensure that your answers are correct.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next lesson builds on the outcomes you just finished.

# LESSON 5: REPORT FORM BALANCE SHEET

## Lesson Focus

By the end of this lesson, you should be able to

- prepare a balance sheet in report form

## Introduction

This lesson describes the report form balance sheet, which is a more common accounting form than the account form balance sheet you previously learned.

## Balance Sheet Forms

Until now, you have been preparing balance sheets in the account form. The account form balance sheet illustrates the financial position of a business in the form of the accounting equation with assets on the left side and liabilities and owner's equity on the right side.

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**Assets = Liabilities + Owner's Equity**

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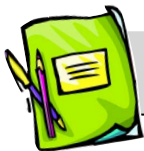
Strong Arm Fitness					
Balance Sheet					
October 31, 2015					
Assets		Liabilities			
Cash	\$ 13,900.00	Accounts Payable		\$ 14,500.00	\$ 14,500.00
Accounts Receivable	8,600.00	Bank Loan Payable		25,000.00	25,000.00
Equipment	67,000.00	Mortgage Payable		170,000.00	170,000.00
Furniture	43,000.00	Total Liabilities			\$ 209,500.00
Building	150,000.00				
Land	100,000.00	Owner's Equity			
		J. Koe, Capital		\$ 165,650.00	
		Add: Net Income	\$ 7,950.00		
		Less: J. Koe, Drawings	600.00		
		Increase in Capital		7,350.00	
		J. Koe, Capital			173,000.00
Total Assets	<u>\$ 382,500.00</u>	Total Liabilities and Owner's Equity			<u>\$ 382,500.00</u>

You will now learn how to use the more common balance sheet, the report form. In the report form balance sheet, the assets, liabilities, and owner's equity are listed vertically (see the following example).



**Dollar signs go at the beginning of every column and after every underline within the same column.**

Strong Arm Fitness			
Balance Sheet			
October 31, 2015			
Assets			
Cash		\$ 13,900.00	
Accounts Receivable		8,600.00	
Equipment		67,000.00	
Furniture		43,000.00	
Building		150,000.00	
Land		100,000.00	
Total Assets			\$ 382,500.00
Liabilities and Owner's Equity			
Liabilities			
Accounts Payable		\$ 14,500.00	
Bank Loan Payable		25,000.00	
Mortgage Payable		170,000.00	
Total Liabilities			\$ 209,500.00
Owner's Equity			
J. Koe, Capital		\$ 165,650.00	
Add: Net Income	\$ 7,950.00		
Less: J. Koe, Drawings	600.00		
Increase in Capital		7,350.00	
J. Koe, Capital			173,000.00
Total Liabilities and Owner's Equity			\$ 382,500.00



## Learning Activity 3.5

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### 1. Blue Grass Lawn Care

- a) Open the file called “Mod 3 LA 3.5 BGLC.”
- b) Refer back to your account form balance sheet from the file you used for Learning Activity 3.4. Prepare the balance sheet again, this time in report form.

### 2. Dr. Le Phang, Dentist

- a) Open the file called “Mod 3 LA 3.5 DLPD.”
  - b) Refer back to your account form balance sheet from the file you used in Learning Activity 3.4. Prepare the balance sheet again, this time in report form.
- 

## End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 3 Learning Activity Answer Key to ensure that your answers are correct.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next module builds on the outcomes you just finished.



## Assignment 3.1

You are about to start the third assignment that will be submitted to the Distance Learning Unit. This assignment is based on the Learning Activities that you have already completed. For each question, note the amount of marks it is worth, any errors will cause a loss of mark(s). Check your work carefully before submitting it. To complete this assignment you will need the Assignment 3.1 file.

### 1. Snips Hair Care

- a) Open the file "Mod 3 A1." Save the file as "Your Name Mod 3 A1."
- b) Snips Hair Care had the following opening balances for the month of June. Open the T-accounts with the following opening balances. (2 marks)

Cash	8,300
Accounts Receivable	100
Supplies	400
Equipment	6,600
Furniture	6,800
Accounts Payable	1,300
Bank Loan Payable	6,900
I. Kutz, Capital	14,000
I. Kutz, Drawings	no balance
Service Revenue	no balance
Advertising Expense	no balance
Communications Expense	no balance
Rent Expense	no balance
Utilities Expense	no balance
Wages Expense	no balance

*continued*

### Assignment 3.1 (continued)

- c) Snips Hair Care had the following transactions during the month of June. Record the transactions in the T-accounts you created in question 1. Remember to make sure that your debits equal your credits for each transaction. (15 marks)
- i) Jun. 1—Received cash for revenue in the amount of \$520.
  - ii) Jun. 3—Spent \$300 on advertising.
  - iii) Jun. 7—Received service revenue in the amount of \$790. All clients paid cash, except one bride owes \$200 to be paid in one month.
  - iv) Jun. 10—Ingrid Kutz withdrew \$500 for personal use.
  - v) Jun. 12—Received the utilities bill for \$180. The bill is due next month.
  - vi) Jun. 15—Paid wages in the amount of \$850.
  - vii) Jun. 18—Received cash for service revenue in the amount of \$675.
  - viii) Jun. 22—Paid the communications bill in the amount of \$145.
  - ix) Jun. 25—Received cash for service revenue in the amount of \$690.
  - x) Jun. 26—Paid rent with a cheque in the amount of \$800.
  - xi) Jun. 28—Ingrid Kutz withdrew \$900 of equipment for personal use.
  - xii) Jun. 30—The bride from June 7 paid her amount owing in full.
- d) Rule and total the T-Accounts for Snips Hair Care. (3 marks)
- e) Create an updated trial balance for Snips Hair Care for the month of June. (5 marks)
- f) Create an updated income statement for Snips Hair Care for the month of June. (5 marks)
- g) Create an updated balance sheet, in report form, for Snips Hair Care for the month of June. (5 marks)

## MODULE 3 SUMMARY

Congratulations on completing Module 3! You now know how to prepare the income statement and a report form balance sheet. You also learned how to record transactions that show the business making a profit and having a loss, as well as the owner withdrawing funds. In addition, you learned how to update financial statements.

In Module 4, you will learn procedures that are used by accountants on a regular basis. To improve efficiency, T-accounts will be replaced with the general journal and the general ledger. General journals and general ledgers also make looking for errors much easier.



### Submitting Your Assignments

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It is now time for you to submit Assignment 3.1 to the Distance Learning Unit so that you can receive some feedback on how you are doing in this course. Remember that you must submit all the assignments in this course before you can receive your credit.

Make sure you have completed all parts of your Module 3 assignment and organize your material in the following order:

- Module 3 Cover Sheet (found at the end of the course Introduction)
- Assignment 3.1
  - Excel File “Mod 3 A1”
    - T-Accounts
    - Trial Balance
    - Income Statement
    - Balance Sheet

For instructions on submitting your assignment, refer to How to Submit Assignments in the course introduction

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## Notes



GRADE 11 ACCOUNTING  
ESSENTIALS (30S)

Module 3  
The Income Statement

Learning Activity Answer Key



## MODULE 3: THE INCOME STATEMENT

### Learning Activity 3.1

#### Calculating Net Income or Net Loss

- a) Calculate the net income or net loss for the following business situations, and identify the period of time in which the income or loss happens. Write your answers in the table provided. The first one has been done for you.
- i) Sales were \$2,000 and expenses were \$1,700 for January 1-7.
  - ii) Revenue for March was \$10,000 and expenses were \$3,000.
  - iii) Sales for the first three months of the year were \$14,500 and expenses totaled \$3,200.
  - iv) Fees earned \$6,500; expenses \$8,900, June 1-June 30.
  - v) Revenue \$950, expenses \$350, October 21-28.
  - vi) Revenue \$100,000, expenses \$55,000, July 1-June 30.
  - vii) Rental Revenue was \$500 and expenses were \$650, November 15-29.
  - viii) Sales \$295,000, cost of doing business was \$345,000, July 1-December 31.
  - ix) Money received was \$69,000, payments were \$33,000, July 1-September 30.
  - x) Sales of \$2,000, cost of doing business \$4,000, February 1-28.

	<b>Accounting Period</b>	<b>Revenue</b>	<b>Expenses</b>	<b>Net Income(NI)/ Net Loss (NL)</b>
1.	Week	\$2,000	\$1,700	NI = \$300
2.	Month	\$10,000	\$3,000	NI = \$7,000
3.	3 months	\$14,500	\$3,200	NI = \$11,300
4.	Month	\$6,500	\$8,900	NL = (\$2,400)
5.	Week	\$950	\$350	NI = \$600
6.	Year	\$100,000	\$55,000	NI = \$45,000
7.	2 Weeks	\$500	\$650	NL = (\$150)
8.	6 Months	\$295,000	\$345,000	NL = (\$50,000)
9.	3 Months	\$69,000	\$33,000	NI = \$36,000
10.	Month	\$2,000	\$4,000	NL = (\$2,000)

## Learning Activity 3.2

### 1. Blue Grass Lawn Care

- Open the file called “Mod 3 LA 3.2 BGLC.”
- Create an income statement for **Blue Grass Lawn Care** for the month of November (use the current year). The following accounts must be used to create the income statement.

Accounts	Balances
Advertising Expense	150
Phone Expense	120
Gas Expense	600
Lawn Maintenance Revenue	1,800
Landscaping Revenue	4,200
Utilities Expense	75
Wages Expense	3,200

*Answer:*

Blue Grass Lawn Care		
Income Statement		
For the Month Ended November 30, 20xx		
Revenue:		
Landscaping Revenue	\$ 4,200.00	
Lawn Maintenance Revenue	1,800.00	\$ 6,000.00
Expenses:		
Advertising Expense	\$ 150.00	
Gas Expense	600.00	
Phone Expense	120.00	
Utilities Expense	75.00	
Wages Expense	3,200.00	4,145.00
Net Income		\$ 1,855.00

2. **Dr. Le Phang, Dentist**

- a) Open the file called "Mod 3 LA 3.2 DLPD."
- b) Create an income statement for **Dr. Le Phang, Dentist** for the month of May (use the current year). The following accounts must be used to create the income statement.

Accounts	Balances
Dental Supplies Expense	600
Dental Fees	14,500
Salaries Expense	7,500
Telephone/Internet Expense	120
Utilities Expense	160
Cable Expense	80
Advertising Expense	500
Office Cleaning Expense	800
Insurance Expense	1200
Miscellaneous Expense	250

*Answer:*

Dr. Le Phang, Dentist		
Income Statement		
For the Month Ended May 31, 20xx		
Revenue:		
Dental Fees		\$ 14,500.00
Expenses:		
Advertising Expense	\$ 500.00	
Cable Expense	80.00	
Dental Supplies Expense	600.00	
Insurance Expense	1,200.00	
Miscellaneous Expense	250.00	
Office Cleaning Expense	800.00	
Salaries Expense	7,500.00	
Telephone/Internet Expense	120.00	
Utilities Expense	160.00	11,210.00
Net Income		\$ 3,290.00

## Learning Activity 3.3

### 1. Blue Grass Lawn Care

- a) Open the file called “Mod 3 LA 3.3 BGLC.”
- b) Open the following T-accounts and enter the December opening balances (zero amounts are not entered, only open the account). Remember to place expenses in alphabetical order.

Cash	7,300
Accounts Receivable	400
Equipment	3,900
Accounts Payable	900
Bank Loan Payable	5,000
M. Clemmons, Capital	5,700
M. Clemmons, Drawings*	0
Lawn Maintenance, Revenue	0
Landscaping Revenue	0
Phone Expense	0
Gas Expense	0
Utilities Expense	0
Advertising Expense	0
Wages Expense	0

\* You will learn about this account later. For now, simply create the account.

- c) Record the following transactions in the T-accounts.
  - i) Dec. 4—received \$400 cash for removing snow from a client’s yard (Lawn Maintenance).
  - ii) Dec. 5—received \$50 bill for advertising. Payment is due next month.
  - iii) Dec. 12—planned a corn maze (Landscaping) for a farm for next spring for \$250. Payment is due in one month.
  - iv) Dec. 15—paid the phone bill. The amount was \$120, paid by cheque.
  - v) Dec. 21—purchased \$65 worth of gas for the snow blower. Paid in cash.
  - vi) Dec. 27—received the utilities bill in the amount of \$75. The bill is due in one month.
  - vii) Dec. 28—paid employees \$2,800.
  - viii) Dec. 30—received \$250 from the December 12 client.

d) Rule and total the T-accounts. When you are finished, the total of all debits should equal the total of all credits.

Answer:

## Blue Grass Lawn Care

Cash			
	Dec 1	7,300.00	
	4	400.00	
			120.00    Dec 15
			65.00        21
			2,800.00    28
	30	250.00	
	Balance	4,965.00	

Accounts Receivable			
	Dec 1	400.00	
	12	250.00	
			250.00    Dec 30
	Balance	400.00	

Equipment			
	Dec 1	3,900.00	
	Balance	3,900.00	

Accounts Payable		
		900.00    Dec 1
		50.00        5
		75.00        27
		1,025.00    Balance

Bank Loan Payable		
		5,000.00    Dec. 1
		5,000.00    Balance

M. Clemmons, Capital		
		5,700.00    Dec. 1
		5,700.00    Balance

M. Clemmons, Drawings			

Lawn Maintenance Revenue		
		400.00    Dec 4
		400.00    Balance

Landscaping Revenue		
		250.00    Dec 12
		250.00    Balance

Advertising Expense		
		50.00
		50.00



## Blue Grass Lawn Care (continued)

Gas Expense	
Dec 21	65.00
Balance	65.00

Phone Expense	
Dec 15	120.00
Balance	120.00

Utilities Expense	
Dec 27	75.00
Balance	75.00

Wages Expense	
Dec 28	2,800.00
Balance	2,800.00

## 2. Dr. Le Phang, Dentist

Record the following revenue and expense transactions in T-accounts. You will need to do the following.

- a) Open the file called "Mod 3 LA 3.3 DLPD."
- b) Open the following T-accounts and enter the June opening balances (zero amounts are not entered, only open the account).

Cash	9,800
Accounts Receivable	2,500
Dental Supplies	800
Equipment	16,000
Furniture	10,000
Building	45,000
Land	25,000
Accounts Payable	12,600
Bank Loan Payable	8,780
Mortgage Payable	49,000
L. Phang, Capital	38,720
L. Phang, Drawings	0
Dental Fees	0
Cable Expense	0
Dental Supplies Expense	0
Advertising Expense	0
Office Cleaning Expense	0
Telephone/Internet Expense	0
Utilities Expense	0
Salaries Expense	0
Insurance Expense	0

- c) Record the following transactions in the T-accounts.
- i) Jun. 1—received \$1,400 cash for dental fees.
  - ii) Jun. 3—paid the insurance bill. The amount of \$1,630 was paid by cheque.
  - iii) Jun. 5—the utilities bill. The amount was \$160, paid by cheque.
  - iv) Jun. 6—paid \$100 to print brochures to advertise for D. L. Phang.
  - v) Jun. 10—charged \$5,500 for dental fees. Payment is due in one month.
  - vi) Jun. 11—paid \$300 to repair dental supplies
  - vii) Jun. 15—paid \$3750 in salaries.
  - viii) Jun. 17—received a bill for office cleaning in the amount of \$250. This will be paid for at a later date.
  - ix) Jun. 23—received the telephone/Internet bill in the amount of \$120. The bill is due in one month.
  - x) Jun 28—received the cable bill in the amount of \$80. The bill is due next month.
  - xi) Jun. 30—received \$3,000 from the June 10 client.
- c) Rule and total the T-accounts.

Answer:

## Dr. Le Phang, Dentist

Cash			
	Jun 1	9,800.00	
	1	1,400.00	
		1,630.00	Jun 3
		160.00	5
		100.00	6
		300.00	11
		3,750.00	15
	30	3,000.00	
	Balance	8,260.00	

Accounts Receivable			
	Jun 1	2,500.00	
	10	5,500.00	
	Balance	5,000.00	Jun 30
		3,000.00	

Dental Supplies	
	Jun 1
	800.00
Balance	800.00

Equipment	
	Jun 1
	16,000.00
Balance	16,000.00

Furniture	
	Jun 1
	10,000.00
Balance	10,000.00

Building	
	Jun 1
	45,000.00
Balance	45,000.00

Land	
	Jun 1
	25,000.00
Balance	25,000.00

Accounts Payable			
		12,600.00	Jun 1
		250.00	17
		120.00	23
		80.00	28
	Balance	13,050.00	

Bank Loan Payable		
	8,780.00	Jun 1
Balance	8,780.00	

Mortgage Payable		
	49,000.00	Jun 1
Balance	49,000.00	

## Dr. Le Phang, Dentist (continued)

L. Phang, Capital		
	38,720.00	Jun 1
	38,720.00	Balance

L. Phang, Drawings	

Dental Fees		
	1,400.00	Jun 1
	5,500.00	10
	6,900.00	Balance

Advertising Expense		
Jun 6	100.00	
Balance	100.00	

Cable Expense		
Jun 28	80.00	
Balance	80.00	

Dental Supplies Expense		
Jun 11	300.00	
Balance	300.00	

Insurance Expense		
Jun 3	1,630.00	
Balance	1,630.00	

Office Cleaning Expense		
Jun 17	250.00	
Balance	250.00	

Salaries Expense		
Jun 15	3,750.00	
Balance	3,750.00	

Telephone/Internet Expense		
Jun 23	120.00	
Balance	120.00	

Utilities Expense		
Jun 5	160.00	
Balance	160.00	

## Learning Activity 3.4

1. Define the following terms in complete sentences.
  - a) **Asset**  
*Anything of value owned by a business or an individual*
  - b) **Liability**  
*The sum of all money owed to others*
  - c) **Owner's Equity**  
*The amount of money that an owner brings into the business*
  - d) **Cost Principle**  
*The Accounting Standard that states that assets must be listed on the balance sheet in the amount of their original cost*
  - e) **Accounts Receivable**  
*Money owed to the business by customers*
  - f) **Accounts Payable**  
*Money owed to a supplier by the business*
  - g) **Liquidity**  
*The order in which assets can be turned into cash*
  - h) **Income Statement**  
*A financial statement that shows the net income or net loss for a specific period of time (e.g., week, month, year)*
  - i) **Transaction**  
*Regular business activity*

## 2. Blue Grass Lawn Care

- a) Open the file called “Mod 3 LA 3.4 BGLC.”
- b) Copy the T-Accounts from the file you used for Learning Activity 3.3 into your files for Learning Activity 3.4.
- c) Record the following drawings transactions in T-accounts.
  - i) Dec. 31—owner (Meryl Clemmons) withdraws \$1000 for personal use.
  - ii) Dec. 31—owner takes equipment worth \$500. This equipment is no longer usable in the business, but will be used at home for personal tasks.

**Hint:** Delete the balance lines in the accounts you need to use.

- d) Rule and total the T-accounts that were affected by the above transactions.

Answer:

## Blue Grass Lawn Care

Cash			
Dec 1	7,300.00		
4	400.00		
		120.00	Dec 15
		65.00	21
		2,800.00	28
30	250.00		
		1,000.00	31
Balance	3,965.00		

Accounts Receivable			
Dec 1	400.00		
12	250.00		
		250.00	Dec 30
Balance	400.00		

Equipment			
Dec 21	3,900.00		
		500.00	Dec. 31
Balance	3,400.00		

Accounts Payable			
		900.00	Dec 1
		5.00	5
		75.00	27
		1,025.00	Balance

Bank Loan Payable			
		5,000.00	Dec. 1
		5,000.00	Balance

M. Clemmons, Capital			
		5,700.00	Dec. 1
		5,700.00	Balance

M. Clemmons, Drawings			
Dec. 31	1,000.00		
31	500.00		
Balance	1,500.00		

Lawn Maintenance Revenue			
		400.00	Dec 4
		400.00	Balance

Landscaping Revenue			
		250.00	Dec 12
		250.00	Balance

Advertising Expense			
Dec 5	50.00		
Balance	50.00		



## Blue Grass Lawn Care (continued)

Gas Expense	
Dec 21	65.00
Balance	65.00

Phone Expense	
Dec 15	120.00
Balance	120.00

Utilities Expense	
Dec 27	75.00
Balance	75.00

Wages Expense	
Dec 28	2,800.00
Balance	2,800.00

e) Create an updated trial balance for Blue Grass Lawn Care for the month of December.

**Hint:** Remember to put the accounts in the correct order.

*Answer:*

Blue Grass Lawn Care			
Trial Balance			
December 31, 20xx			
Cash		\$ 3,965.00	
Accounts Receivable		400.00	
Equipment		3,400.00	
Accounts Payable			\$ 1,025.00
Bank Loan Payable			5,000.00
M. Clemmons, Capital			5,700.00
M. Clemmons, Drawings		1,500.00	
Lawn Maintenance Revenue			400.00
Landscaping Revenue			250.00
Advertising Expense		50.00	
Gas Expense		65.00	
Phone Expense		120.00	
Utilities Expense		75.00	
Wages Expense		2,800.00	
Totals		\$ 12,375.00	\$ 12,375.00

- f) Create an updated income statement for Blue Grass Lawn Care for the month of December.

*Answer:*

Blue Grass Lawn Care		
Income Statement		
For the Month Ended December 31, 20xx		
Revenue:		
Lawn Maintenance Revenue	\$ 400.00	
Landscaping Revenue	250.00	\$ 650.00
Expenses:		
Advertising Expense	\$ 50.00	
Gas Expense	65.00	
Phone Expense	120.00	
Utilities Expense	75.00	
Wages Expense	2,800.00	3,110.00
Net Loss		\$ 2,460.00

- g) Create an updated balance sheet for Blue Grass Lawn Care for the month of December. Remember to re-calculate Owner's Equity.

*Answer:*

Blue Grass Lawn Care					
Balance Sheet					
December 31, 20xx					
Assets		Liabilities			
Cash	\$ 3,965.00	Accounts Payable		\$ 1,025.00	
Accounts Receivable	400.00	Bank Loan Payable		5,000.00	
Equipment	3,400.00	Total Liabilities			\$ 6,025.00
		Owner's Equity			
		M. Clemmons, Capital		\$ 5,700.00	
		Less: Net Loss	\$ 2,460.00		
		Less: M. Clemmons, Drawings	1,500.00		
		Decrease in Capital		3,960.00	
		M. Clemmons, Capital			1,740.00
Total Assets	\$ 7,765.00	Total Liabilities and Owner's Equity			\$ 7,765.00

3. **Dr. Le Phang, Dentist**

- a) Open the file called “Mod 3 LA 3.4 DLPD.”
- b) Copy the T-Accounts sheet from the file you used for LA 3.3.
- c) Record the following drawings transactions in T-accounts.
  - i) Jun. 30—owner (Le Phang) withdraws \$3,500 for personal use.
  - ii) Jun. 30—owner takes furniture worth \$5,000. Dr. Phang is going to give the furniture to his nephew for his new apartment.

**Hint:** Delete the balance lines in the accounts you need to use.

- d) Rule and total the T-accounts that were affected by the above transactions.

Answer:

## Dr. Le Phang, Dentist

Cash			
Jun 1	9,800.00		
1	1,400.00	1,630.00	Jun 3
		160.00	5
		100.00	6
		300.00	11
		3,750.00	15
30	3,000.00	3,500.00	30
Balance	4,760.00		

Accounts Receivable			
Jun 1	2,500.00		
10	5,500.00	3,000.00	Jun 30
Balance	5,000.00		

Dental Supplies			
Jun 1	800.00		
Balance	800.00		

Equipment			
Jun 1	16,000.00		
Balance	16,000.00		

Furniture			
Jun 1	10,000.00		
		5,000.00	Jun 30
Balance	5,000.00		

Building			
Jun 1	45,000.00		
Balance	45,000.00		

Land			
Jun 1	25,000.00		
Balance	25,000.00		

Accounts Payable			
		12,600.00	Jun 1
		250.00	17
		120.00	23
		80.00	28
		13,050.00	Balance

Bank Loan Payable			
		8,780.00	Jun 1
		8,780.00	Balance

Mortgage Payable			
		49,000.00	Jun 1
		49,000.00	Balance

## Dr. Le Phang, Dentist (continued)

L. Phang, Capital		
	38,720.00	Jun 1
	38,720.00	Balance

L. Phang, Drawings		
	3,500.00	Jun 30
	5,000.00	30
	8,500.00	Balance

Dental Fees		
	1,400.00	Jun 1
	5,500.00	10
	6,900.00	Balance

Advertising Expense		
	100.00	Jun 6
	100.00	Balance

Cable Expense		
	80.00	Jun 28
	80.00	Balance

Dental Supplies Expense		
	300.00	Jun 11
	300.00	Balance

Insurance Expense		
	1,630.00	Jun 3
	1,630.00	Balance

Office Cleaning Expense		
	250.00	Jun 17
	250.00	Balance

Salaries Expense		
	3,750.00	Jun 15
	3,750.00	Balance

Telephone/Internet Expense		
	120.00	Jun 23
	120.00	Balance

Utilities Expense		
	160.00	Jun 5
	160.00	Balance

- e) Create an updated trial balance for Dr. Le Phang, Dentist for the month of June.

**Hint:** Remember to put the accounts in the correct order.

*Answer:*

Dr. Le Phang, Dentist			
Trial Balance			
June 30, 20xx			
Cash		\$ 4,760.00	
Accounts Receivable		5,000.00	
Dental Supplies		800.00	
Equipment		16,000.00	
Furniture		5,000.00	
Building		45,000.00	
Land		25,000.00	
Accounts Payable			\$ 13,050.00
Bank Loan Payable			8,780.00
Mortgage Payable			49,000.00
L. Phang, Capital			38,720.00
L. Phang, Drawings		8,500.00	
Dental Fees			6,900.00
Advertising Expense		100.00	
Cable Expense		80.00	
Dental Supplies Expense		300.00	
Insurance Expense		1,630.00	
Office Cleaning Expense		250.00	
Salaries Expense		3,750.00	
Telephone/Internet Expense		120.00	
Utilities Expense		160.00	
Totals		\$ 116,450.00	\$ 116,450.00

- f) Create an updated income statement for Dr. Le Phang, Dentist for the month of June.

*Answer:*

Dr. Le Phang, Dentist		
Income Statement		
For the Month Ended June 30, 20xx		
Revenue:		
Dental Fees		\$ 6,900.00
Expenses:		
Advertising Expense	\$ 100.00	
Cable Expense	80.00	
Dental Supplies Expense	300.00	
Insurance Expense	1,630.00	
Office Cleaning Expense	250.00	
Salaries Expense	3,750.00	
Telephone/Internet Expense	120.00	
Utilities Expense	160.00	6,390.00
Net Income		\$ 510.00

- g) Create an updated balance sheet for Dr. Le Phang, Dentist for the month of June. You will have to re-calculate Owner's Equity.

*Answer:*

Dr. Le Phang, Dentist					
Balance Sheet					
June 30, 20xx					
Assets		Liabilities			
Cash	\$ 4,760.00	Accounts Payable		\$ 13,050.00	
Accounts Receivable	5,000.00	Bank Loan Payable		8,780.00	
Dental Supplies	800.00	Mortgage Payable		49,000.00	
Equipment	16,000.00	Total Liabilities			\$ 70,830.00
Furniture	5,000.00	Owner's Equity			
Building	45,000.00	L. Phang, Capital		\$ 38,720.00	
Land	25,000.00	Add: Net Income	\$ 510.00		
		Less: L. Phang, Drawings	8,500.00		
		Decrease in Capital		7,990.00	
		L. Phang, Capital			30,730.00
Total Assets	\$ 101,560.00	Total Liabilities and Owner's Equity			\$ 101,560.00

## Learning Activity 3.5

### 1. Blue Grass Lawn Care

- a) Open the file called "Mod 3 LA 3.5 BGLC."
- b) Refer back to your account form balance sheet from the file you used for Learning Activity 3.4. Prepare the balance sheet again, this time in report form.

*Answer:*

Blue Grass Lawn Care			
Balance Sheet			
December 31, 2015			
Assets			
Cash		\$ 3,965.00	
Accounts Receivable		400.00	
Equipment		3,400.00	
Total Assets			\$ 7,765.00
Liabilities and Owner's Equity			
Liabilities			
Accounts Payable		\$ 1,025.00	
Bank Loan Payable		5,000.00	
Total Liabilities			\$ 6,025.00
Owner's Equity			
M. Clemmons, Capital		\$ 5,700.00	
Less: Net Loss	\$ 2,460.00		
Less: M. Clemmons, Drawings	1,500.00		
Decrease in Capital		3,960.00	
M. Clemmons, Capital			1,740.00
Total Liabilities and Owner's Equity			\$ 7,765.00



## 2. Dr. Le Phang, Dentist

- Open the file called "Mod 3 LA 3.5 DLPD."
- Refer back to your account form balance sheet from the file you used in Learning Activity 3.4. Prepare the balance sheet again, this time in report form.

*Answer:*

Dr. L. Phang, Dentist			
Balance Sheet			
June 30, 2015			
<b>Assets</b>			
Cash		\$ 4,760.00	
Accounts Receivable		5,000.00	
Dental Supplies		800.00	
Equipment		16,000.00	
Furniture		5,000.00	
Building		45,000.00	
Land		25,000.00	
<b>Total Assets</b>			<b>\$ 101,560.00</b>
<b>Liabilities and Owner's Equity</b>			
<b>Liabilities</b>			
Accounts Payable		\$ 13,050.00	
Bank Loan Payable		8,780.00	
Mortgage Loan Payable		49,000.00	
<b>Total Liabilities</b>			<b>\$ 70,830.00</b>
<b>Owner's Equity</b>			
L. Phang, Capital		\$ 38,720.00	
Add: Net Income	\$ 510.00		
Less: L. Phang, Drawings	8,500.00		
Decrease in Capital		7,990.00	
L. Phang, Capital			30,730.00
<b>Total Liabilities and Owner's Equity</b>			<b>\$ 101,560.00</b>

## MODULE 3 SUMMARY

Congratulations on completing Module 3! You now know how to prepare the income statement and a report form balance sheet. You also learned how to record transactions that show the business making a profit and having a loss, as well as the owner withdrawing funds. In addition, you learned how to update financial statements.

In Module 4, you will learn procedures that are used by accountants on a regular basis. To improve efficiency, T-accounts will be replaced with the general journal and the general ledger. General journals and general ledgers also make looking for errors much easier.



### Submitting Your Assignments

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It is now time for you to submit Assignment 3.1 to the Distance Learning Unit so that you can receive some feedback on how you are doing in this course. Remember that you must submit all the assignments in this course before you can receive your credit.

Make sure you have completed all parts of your Module 3 assignment and organize your material in the following order:

- Module 3 Cover Sheet (found at the end of the course Introduction)
- Assignment 3.1
  - Excel File “Mod 3 A1”
    - T-Accounts
    - Trial Balance
    - Income Statement
    - Balance Sheet

For instructions on submitting your assignment, refer to How to Submit Assignments in the course introduction

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## Notes



GRADE 11 ACCOUNTING  
ESSENTIALS (30S)

Module 3  
The Income Statement

Learning Activity Answer Key



## MODULE 3: THE INCOME STATEMENT

### Learning Activity 3.1

#### Calculating Net Income or Net Loss

- a) Calculate the net income or net loss for the following business situations, and identify the period of time in which the income or loss happens. Write your answers in the table provided. The first one has been done for you.
- i) Sales were \$2,000 and expenses were \$1,700 for January 1-7.
  - ii) Revenue for March was \$10,000 and expenses were \$3,000.
  - iii) Sales for the first three months of the year were \$14,500 and expenses totaled \$3,200.
  - iv) Fees earned \$6,500; expenses \$8,900, June 1-June 30.
  - v) Revenue \$950, expenses \$350, October 21-28.
  - vi) Revenue \$100,000, expenses \$55,000, July 1-June 30.
  - vii) Rental Revenue was \$500 and expenses were \$650, November 15-29.
  - viii) Sales \$295,000, cost of doing business was \$345,000, July 1-December 31.
  - ix) Money received was \$69,000, payments were \$33,000, July 1-September 30.
  - x) Sales of \$2,000, cost of doing business \$4,000, February 1-28.

	<b>Accounting Period</b>	<b>Revenue</b>	<b>Expenses</b>	<b>Net Income(NI)/ Net Loss (NL)</b>
1.	Week	\$2,000	\$1,700	NI = \$300
2.	Month	\$10,000	\$3,000	NI = \$7,000
3.	3 months	\$14,500	\$3,200	NI = \$11,300
4.	Month	\$6,500	\$8,900	NL = (\$2,400)
5.	Week	\$950	\$350	NI = \$600
6.	Year	\$100,000	\$55,000	NI = \$45,000
7.	2 Weeks	\$500	\$650	NL = (\$150)
8.	6 Months	\$295,000	\$345,000	NL = (\$50,000)
9.	3 Months	\$69,000	\$33,000	NI = \$36,000
10.	Month	\$2,000	\$4,000	NL = (\$2,000)

## Learning Activity 3.2

### 1. Blue Grass Lawn Care

- Open the file called “Mod 3 LA 3.2 BGLC.”
- Create an income statement for **Blue Grass Lawn Care** for the month of November (use the current year). The following accounts must be used to create the income statement.

Accounts	Balances
Advertising Expense	150
Phone Expense	120
Gas Expense	600
Lawn Maintenance Revenue	1,800
Landscaping Revenue	4,200
Utilities Expense	75
Wages Expense	3,200

*Answer:*

Blue Grass Lawn Care		
Income Statement		
For the Month Ended November 30, 20xx		
Revenue:		
Landscaping Revenue	\$ 4,200.00	
Lawn Maintenance Revenue	1,800.00	\$ 6,000.00
Expenses:		
Advertising Expense	\$ 150.00	
Gas Expense	600.00	
Phone Expense	120.00	
Utilities Expense	75.00	
Wages Expense	3,200.00	4,145.00
Net Income		\$ 1,855.00

2. **Dr. Le Phang, Dentist**

- a) Open the file called "Mod 3 LA 3.2 DLPD."
- b) Create an income statement for **Dr. Le Phang, Dentist** for the month of May (use the current year). The following accounts must be used to create the income statement.

Accounts	Balances
Dental Supplies Expense	600
Dental Fees	14,500
Salaries Expense	7,500
Telephone/Internet Expense	120
Utilities Expense	160
Cable Expense	80
Advertising Expense	500
Office Cleaning Expense	800
Insurance Expense	1200
Miscellaneous Expense	250

*Answer:*

Dr. Le Phang, Dentist		
Income Statement		
For the Month Ended May 31, 20xx		
Revenue:		
Dental Fees		\$ 14,500.00
Expenses:		
Advertising Expense	\$ 500.00	
Cable Expense	80.00	
Dental Supplies Expense	600.00	
Insurance Expense	1,200.00	
Miscellaneous Expense	250.00	
Office Cleaning Expense	800.00	
Salaries Expense	7,500.00	
Telephone/Internet Expense	120.00	
Utilities Expense	160.00	11,210.00
Net Income		<u>\$ 3,290.00</u>



## Learning Activity 3.3

### 1. Blue Grass Lawn Care

- a) Open the file called “Mod 3 LA 3.3 BGLC.”
- b) Open the following T-accounts and enter the December opening balances (zero amounts are not entered, only open the account). Remember to place expenses in alphabetical order.

Cash	7,300
Accounts Receivable	400
Equipment	3,900
Accounts Payable	900
Bank Loan Payable	5,000
M. Clemmons, Capital	5,700
M. Clemmons, Drawings*	0
Lawn Maintenance, Revenue	0
Landscaping Revenue	0
Phone Expense	0
Gas Expense	0
Utilities Expense	0
Advertising Expense	0
Wages Expense	0

\* You will learn about this account later. For now, simply create the account.

- c) Record the following transactions in the T-accounts.
  - i) Dec. 4—received \$400 cash for removing snow from a client’s yard (Lawn Maintenance).
  - ii) Dec. 5—received \$50 bill for advertising. Payment is due next month.
  - iii) Dec. 12—planned a corn maze (Landscaping) for a farm for next spring for \$250. Payment is due in one month.
  - iv) Dec. 15—paid the phone bill. The amount was \$120, paid by cheque.
  - v) Dec. 21—purchased \$65 worth of gas for the snow blower. Paid in cash.
  - vi) Dec. 27—received the utilities bill in the amount of \$75. The bill is due in one month.
  - vii) Dec. 28—paid employees \$2,800.
  - viii) Dec. 30—received \$250 from the December 12 client.

d) Rule and total the T-accounts. When you are finished, the total of all debits should equal the total of all credits.

Answer:

## Blue Grass Lawn Care

Cash			
	Dec 1	7,300.00	
	4	400.00	
			120.00    Dec 15
			65.00        21
			2,800.00    28
	30	250.00	
	Balance	4,965.00	

Accounts Receivable			
	Dec 1	400.00	
	12	250.00	
			250.00    Dec 30
	Balance	400.00	

Equipment			
	Dec 1	3,900.00	
	Balance	3,900.00	

Accounts Payable		
		900.00    Dec 1
		50.00        5
		75.00        27
		1,025.00    Balance

Bank Loan Payable		
		5,000.00    Dec. 1
		5,000.00    Balance

M. Clemmons, Capital		
		5,700.00    Dec. 1
		5,700.00    Balance

M. Clemmons, Drawings			

Lawn Maintenance Revenue		
		400.00    Dec 4
		400.00    Balance

Landscaping Revenue		
		250.00    Dec 12
		250.00    Balance

Advertising Expense			
	Dec 5	50.00	
	Balance	50.00	

## Blue Grass Lawn Care (continued)

Gas Expense	
Dec 21	65.00
Balance	65.00

Phone Expense	
Dec 15	120.00
Balance	120.00

Utilities Expense	
Dec 27	75.00
Balance	75.00

Wages Expense	
Dec 28	2,800.00
Balance	2,800.00

## 2. Dr. Le Phang, Dentist

Record the following revenue and expense transactions in T-accounts. You will need to do the following.

- a) Open the file called "Mod 3 LA 3.3 DLPD."
- b) Open the following T-accounts and enter the June opening balances (zero amounts are not entered, only open the account).

Cash	9,800
Accounts Receivable	2,500
Dental Supplies	800
Equipment	16,000
Furniture	10,000
Building	45,000
Land	25,000
Accounts Payable	12,600
Bank Loan Payable	8,780
Mortgage Payable	49,000
L. Phang, Capital	38,720
L. Phang, Drawings	0
Dental Fees	0
Cable Expense	0
Dental Supplies Expense	0
Advertising Expense	0
Office Cleaning Expense	0
Telephone/Internet Expense	0
Utilities Expense	0
Salaries Expense	0
Insurance Expense	0

- c) Record the following transactions in the T-accounts.
- i) Jun. 1—received \$1,400 cash for dental fees.
  - ii) Jun. 3—paid the insurance bill. The amount of \$1,630 was paid by cheque.
  - iii) Jun. 5—the utilities bill. The amount was \$160, paid by cheque.
  - iv) Jun. 6—paid \$100 to print brochures to advertise for D. L. Phang.
  - v) Jun. 10—charged \$5,500 for dental fees. Payment is due in one month.
  - vi) Jun. 11—paid \$300 to repair dental supplies
  - vii) Jun. 15—paid \$3750 in salaries.
  - viii) Jun. 17—received a bill for office cleaning in the amount of \$250. This will be paid for at a later date.
  - ix) Jun. 23—received the telephone/Internet bill in the amount of \$120. The bill is due in one month.
  - x) Jun 28—received the cable bill in the amount of \$80. The bill is due next month.
  - xi) Jun. 30—received \$3,000 from the June 10 client.
- c) Rule and total the T-accounts.

Answer:

## Dr. Le Phang, Dentist

Cash			
	Jun 1	9,800.00	
	1	1,400.00	
		1,630.00	Jun 3
		160.00	5
		100.00	6
		300.00	11
		3,750.00	15
	30	3,000.00	
	Balance	8,260.00	

Accounts Receivable			
	Jun 1	2,500.00	
	10	5,500.00	
	Balance	5,000.00	Jun 30
		3,000.00	

Dental Supplies	
	Jun 1
	800.00
Balance	800.00

Equipment	
	Jun 1
	16,000.00
Balance	16,000.00

Furniture	
	Jun 1
	10,000.00
Balance	10,000.00

Building	
	Jun 1
	45,000.00
Balance	45,000.00

Land	
	Jun 1
	25,000.00
Balance	25,000.00

Accounts Payable			
		12,600.00	Jun 1
		250.00	17
		120.00	23
		80.00	28
	Balance	13,050.00	

Bank Loan Payable		
	8,780.00	Jun 1
Balance	8,780.00	

Mortgage Payable		
	49,000.00	Jun 1
Balance	49,000.00	

## Dr. Le Phang, Dentist (continued)

L. Phang, Capital		
	38,720.00	Jun 1
	38,720.00	Balance

L. Phang, Drawings	

Dental Fees		
	1,400.00	Jun 1
	5,500.00	10
	6,900.00	Balance

Advertising Expense		
Jun 6	100.00	
Balance	100.00	

Cable Expense		
Jun 28	80.00	
Balance	80.00	

Dental Supplies Expense		
Jun 11	300.00	
Balance	300.00	

Insurance Expense		
Jun 3	1,630.00	
Balance	1,630.00	

Office Cleaning Expense		
Jun 17	250.00	
Balance	250.00	

Salaries Expense		
Jun 15	3,750.00	
Balance	3,750.00	

Telephone/Internet Expense		
Jun 23	120.00	
Balance	120.00	

Utilities Expense		
Jun 5	160.00	
Balance	160.00	

## Learning Activity 3.4

1. Define the following terms in complete sentences.
  - a) **Asset**  
*Anything of value owned by a business or an individual*
  - b) **Liability**  
*The sum of all money owed to others*
  - c) **Owner's Equity**  
*The amount of money that an owner brings into the business*
  - d) **Cost Principle**  
*The Accounting Standard that states that assets must be listed on the balance sheet in the amount of their original cost*
  - e) **Accounts Receivable**  
*Money owed to the business by customers*
  - f) **Accounts Payable**  
*Money owed to a supplier by the business*
  - g) **Liquidity**  
*The order in which assets can be turned into cash*
  - h) **Income Statement**  
*A financial statement that shows the net income or net loss for a specific period of time (e.g., week, month, year)*
  - i) **Transaction**  
*Regular business activity*



## 2. Blue Grass Lawn Care

- a) Open the file called “Mod 3 LA 3.4 BGLC.”
- b) Copy the T-Accounts from the file you used for Learning Activity 3.3 into your files for Learning Activity 3.4.
- c) Record the following drawings transactions in T-accounts.
  - i) Dec. 31—owner (Meryl Clemmons) withdraws \$1000 for personal use.
  - ii) Dec. 31—owner takes equipment worth \$500. This equipment is no longer usable in the business, but will be used at home for personal tasks.

**Hint:** Delete the balance lines in the accounts you need to use.

- d) Rule and total the T-accounts that were affected by the above transactions.

Answer:

## Blue Grass Lawn Care

Cash			
Dec 1	7,300.00		
4	400.00		
		120.00	Dec 15
		65.00	21
		2,800.00	28
30	250.00		
		1,000.00	31
Balance	3,965.00		

Accounts Receivable			
Dec 1	400.00		
12	250.00		
		250.00	Dec 30
Balance	400.00		

Equipment			
Dec 21	3,900.00		
		500.00	Dec. 31
Balance	3,400.00		

Accounts Payable			
		900.00	Dec 1
		5.00	5
		75.00	27
		1,025.00	Balance

Bank Loan Payable			
		5,000.00	Dec. 1
		5,000.00	Balance

M. Clemmons, Capital			
		5,700.00	Dec. 1
		5,700.00	Balance

M. Clemmons, Drawings			
Dec. 31	1,000.00		
31	500.00		
Balance	1,500.00		

Lawn Maintenance Revenue			
		400.00	Dec 4
		400.00	Balance

Landscaping Revenue			
		250.00	Dec 12
		250.00	Balance

Advertising Expense			
Dec 5	50.00		
Balance	50.00		

## Blue Grass Lawn Care (continued)

Gas Expense	
Dec 21	65.00
Balance	65.00

Phone Expense	
Dec 15	120.00
Balance	120.00

Utilities Expense	
Dec 27	75.00
Balance	75.00

Wages Expense	
Dec 28	2,800.00
Balance	2,800.00

e) Create an updated trial balance for Blue Grass Lawn Care for the month of December.

**Hint:** Remember to put the accounts in the correct order.

*Answer:*

Blue Grass Lawn Care			
Trial Balance			
December 31, 20xx			
Cash		\$ 3,965.00	
Accounts Receivable		400.00	
Equipment		3,400.00	
Accounts Payable			\$ 1,025.00
Bank Loan Payable			5,000.00
M. Clemmons, Capital			5,700.00
M. Clemmons, Drawings		1,500.00	
Lawn Maintenance Revenue			400.00
Landscaping Revenue			250.00
Advertising Expense		50.00	
Gas Expense		65.00	
Phone Expense		120.00	
Utilities Expense		75.00	
Wages Expense		2,800.00	
Totals		\$ 12,375.00	\$ 12,375.00

- f) Create an updated income statement for Blue Grass Lawn Care for the month of December.

*Answer:*

Blue Grass Lawn Care		
Income Statement		
For the Month Ended December 31, 20xx		
Revenue:		
Lawn Maintenance Revenue	\$ 400.00	
Landscaping Revenue	250.00	\$ 650.00
Expenses:		
Advertising Expense	\$ 50.00	
Gas Expense	65.00	
Phone Expense	120.00	
Utilities Expense	75.00	
Wages Expense	2,800.00	3,110.00
Net Loss		\$ 2,460.00

- g) Create an updated balance sheet for Blue Grass Lawn Care for the month of December. Remember to re-calculate Owner's Equity.

*Answer:*

Blue Grass Lawn Care					
Balance Sheet					
December 31, 20xx					
Assets		Liabilities			
Cash	\$ 3,965.00	Accounts Payable		\$ 1,025.00	
Accounts Receivable	400.00	Bank Loan Payable		5,000.00	
Equipment	3,400.00	Total Liabilities			\$ 6,025.00
		Owner's Equity			
		M. Clemmons, Capital		\$ 5,700.00	
		Less: Net Loss	\$ 2,460.00		
		Less: M. Clemmons, Drawings	1,500.00		
		Decrease in Capital		3,960.00	
		M. Clemmons, Capital			1,740.00
Total Assets	\$ 7,765.00	Total Liabilities and Owner's Equity			\$ 7,765.00

3. **Dr. Le Phang, Dentist**

- a) Open the file called “Mod 3 LA 3.4 DLPD.”
  - b) Copy the T-Accounts sheet from the file you used for LA 3.3.
  - c) Record the following drawings transactions in T-accounts.
    - i) Jun. 30—owner (Le Phang) withdraws \$3,500 for personal use.
    - ii) Jun. 30—owner takes furniture worth \$5,000. Dr. Phang is going to give the furniture to his nephew for his new apartment.
- Hint:** Delete the balance lines in the accounts you need to use.
- d) Rule and total the T-accounts that were affected by the above transactions.

Answer:

## Dr. Le Phang, Dentist

Cash			
Jun 1	9,800.00		
1	1,400.00	1,630.00	Jun 3
		160.00	5
		100.00	6
		300.00	11
		3,750.00	15
30	3,000.00	3,500.00	30
Balance	4,760.00		

Accounts Receivable			
Jun 1	2,500.00		
10	5,500.00	3,000.00	Jun 30
Balance	5,000.00		

Dental Supplies			
Jun 1	800.00		
Balance	800.00		

Equipment			
Jun 1	16,000.00		
Balance	16,000.00		

Furniture			
Jun 1	10,000.00		
Balance	5,000.00	5,000.00	Jun 30

Building			
Jun 1	45,000.00		
Balance	45,000.00		

Land			
Jun 1	25,000.00		
Balance	25,000.00		

Accounts Payable			
		12,600.00	Jun 1
		250.00	17
		120.00	23
		80.00	28
		13,050.00	Balance

Bank Loan Payable			
		8,780.00	Jun 1
		8,780.00	Balance

Mortgage Payable			
		49,000.00	Jun 1
		49,000.00	Balance

## Dr. Le Phang, Dentist (continued)

L. Phang, Capital		
	38,720.00	Jun 1
	38,720.00	Balance

L. Phang, Drawings		
<b>Jun 30</b>	<b>3,500.00</b>	
<b>30</b>	<b>5,000.00</b>	
<b>Balance</b>	<b>8,500.00</b>	

Dental Fees		
	1,400.00	Jun 1
	5,500.00	10
	6,900.00	Balance

Advertising Expense		
Jun 6	100.00	
Balance	100.00	

Cable Expense		
Jun 28	80.00	
Balance	80.00	

Dental Supplies Expense		
Jun 11	300.00	
Balance	300.00	

Insurance Expense		
Jun 3	1,630.00	
Balance	1,630.00	

Office Cleaning Expense		
Jun 17	250.00	
Balance	250.00	

Salaries Expense		
Jun 15	3,750.00	
Balance	3,750.00	

Telephone/Internet Expense		
Jun 23	120.00	
Balance	120.00	

Utilities Expense		
Jun 5	160.00	
Balance	160.00	

- e) Create an updated trial balance for Dr. Le Phang, Dentist for the month of June.

**Hint:** Remember to put the accounts in the correct order.

*Answer:*

Dr. Le Phang, Dentist			
Trial Balance			
June 30, 20xx			
Cash		\$ 4,760.00	
Accounts Receivable		5,000.00	
Dental Supplies		800.00	
Equipment		16,000.00	
Furniture		5,000.00	
Building		45,000.00	
Land		25,000.00	
Accounts Payable			\$ 13,050.00
Bank Loan Payable			8,780.00
Mortgage Payable			49,000.00
L. Phang, Capital			38,720.00
L. Phang, Drawings		8,500.00	
Dental Fees			6,900.00
Advertising Expense		100.00	
Cable Expense		80.00	
Dental Supplies Expense		300.00	
Insurance Expense		1,630.00	
Office Cleaning Expense		250.00	
Salaries Expense		3,750.00	
Telephone/Internet Expense		120.00	
Utilities Expense		160.00	
Totals		\$ 116,450.00	\$ 116,450.00



- f) Create an updated income statement for Dr. Le Phang, Dentist for the month of June.

*Answer:*

Dr. Le Phang, Dentist		
Income Statement		
For the Month Ended June 30, 20xx		
Revenue:		
Dental Fees		\$ 6,900.00
Expenses:		
Advertising Expense	\$ 100.00	
Cable Expense	80.00	
Dental Supplies Expense	300.00	
Insurance Expense	1,630.00	
Office Cleaning Expense	250.00	
Salaries Expense	3,750.00	
Telephone/Internet Expense	120.00	
Utilities Expense	160.00	6,390.00
Net Income		\$ 510.00

- g) Create an updated balance sheet for Dr. Le Phang, Dentist for the month of June. You will have to re-calculate Owner's Equity.

*Answer:*

Dr. Le Phang, Dentist					
Balance Sheet					
June 30, 20xx					
Assets		Liabilities			
Cash	\$ 4,760.00	Accounts Payable		\$ 13,050.00	
Accounts Receivable	5,000.00	Bank Loan Payable		8,780.00	
Dental Supplies	800.00	Mortgage Payable		49,000.00	
Equipment	16,000.00	Total Liabilities			\$ 70,830.00
Furniture	5,000.00	Owner's Equity			
Building	45,000.00	L. Phang, Capital		\$ 38,720.00	
Land	25,000.00	Add: Net Income	\$ 510.00		
		Less: L. Phang, Drawings	8,500.00		
		Decrease in Capital		7,990.00	
		L. Phang, Capital			30,730.00
Total Assets	\$ 101,560.00	Total Liabilities and Owner's Equity			\$ 101,560.00

## Learning Activity 3.5

### 1. Blue Grass Lawn Care

- a) Open the file called "Mod 3 LA 3.5 BGLC."
- b) Refer back to your account form balance sheet from the file you used for Learning Activity 3.4. Prepare the balance sheet again, this time in report form.

*Answer:*

Blue Grass Lawn Care			
Balance Sheet			
December 31, 2015			
Assets			
Cash		\$ 3,965.00	
Accounts Receivable		400.00	
Equipment		3,400.00	
Total Assets			\$ 7,765.00
Liabilities and Owner's Equity			
Liabilities			
Accounts Payable		\$ 1,025.00	
Bank Loan Payable		5,000.00	
Total Liabilities			\$ 6,025.00
Owner's Equity			
M. Clemmons, Capital		\$ 5,700.00	
Less: Net Loss	\$ 2,460.00		
Less: M. Clemmons, Drawings	1,500.00		
Decrease in Capital		3,960.00	
M. Clemmons, Capital			1,740.00
Total Liabilities and Owner's Equity			\$ 7,765.00

## 2. Dr. Le Phang, Dentist

- Open the file called “Mod 3 LA 3.5 DLPD.”
- Refer back to your account form balance sheet from the file you used in Learning Activity 3.4. Prepare the balance sheet again, this time in report form.

*Answer:*

Dr. L. Phang, Dentist			
Balance Sheet			
June 30, 2015			
<b>Assets</b>			
Cash		\$ 4,760.00	
Accounts Receivable		5,000.00	
Dental Supplies		800.00	
Equipment		16,000.00	
Furniture		5,000.00	
Building		45,000.00	
Land		25,000.00	
<b>Total Assets</b>			<b>\$ 101,560.00</b>
<b>Liabilities and Owner's Equity</b>			
<b>Liabilities</b>			
Accounts Payable		\$ 13,050.00	
Bank Loan Payable		8,780.00	
Mortgage Loan Payable		49,000.00	
<b>Total Liabilities</b>			<b>\$ 70,830.00</b>
<b>Owner's Equity</b>			
L. Phang, Capital		\$ 38,720.00	
Add: Net Income	\$ 510.00		
Less: L. Phang, Drawings	8,500.00		
Decrease in Capital		7,990.00	
L. Phang, Capital			30,730.00
<b>Total Liabilities and Owner's Equity</b>			<b>\$ 101,560.00</b>

## **Supporting Videos for Grade 11 Accounting**

### Module 3

1. [Video - Financial Statements Explained in One Minute: Balance Sheet, Income Statement, Cash Flow Statement](#)
2. [Video - The income Statement & Balance Sheet Song](#)
3. [Video - The Income Statement, defined and explained](#)



GRADE 11 ACCOUNTING  
ESSENTIALS (30S)

Module 4  
Journals and Ledgers—  
Keeping Track of It All



# MODULE 4: JOURNALS AND LEDGERS— KEEPING TRACK OF IT ALL

## Introduction

The first three modules have set the foundation for accounting procedures by illustrating how business transactions are recorded in T-accounts. This is a clear and accurate system of record keeping.

The current module will introduce you to the general journal and the general ledger. Both of these will replace the T-accounts you have been using. The general journal replaces the T-accounts for recording transactions. This is the method used in professional accounting systems. Anyone looking at the general journal has all the details required to understand what happened in each transaction. The general ledger replaces the T-accounts so that anyone can find a current balance of any account at any given time.

There are learning activities at the end of each lesson. The learning activities will help you prepare for the assignment. Remember, every module builds on the last, so it is important that you understand the previous concepts before moving on.

## Assignments in Module 4

When you have completed the assignment for Module 4, submit your completed assignment to the Distance Learning Unit either by mail or electronically through the learning management system (LMS). The staff will forward your work to your tutor/marker.

Lesson	Assignment	Marks
2	Assignment 4.1	35

## Writing Your Midterm Examination



You will write the midterm examination when you have completed Module 4 of this course. The midterm examination is based on Modules 1 to 4, and is worth 25 percent of your final mark in the course. To do well on the midterm examination, you should review all the work you complete in Modules 1 to 4, including all the learning activities and assignments. You will write the midterm examination under supervision.



# LESSON 1: THE GENERAL JOURNAL

## Lesson Focus

By the end of this lesson, you should be able to

- explain the need for and importance of source documents
- explain the need for and importance of a journal
- record journal entries resulting from business transactions
- record the opening journal entry for the startup of a business

## Introduction

Modules 2 and 3 described the procedure of recording transactions in T-accounts and T-account ledgers. These modules also describe how each transaction affects the accounting equation. The task of creating T-accounts in a spreadsheet can be time-consuming, especially when new accounts are added and must be placed in order of liquidity.

This lesson introduces the general journal, which is more efficient to use and easier to understand by others, such as auditors, creditors, and investors.

Again, carefully study the structure and formatting of the general journal in this lesson. You will have the opportunity to prepare the general journal and record transactions in the Learning Activity at the end of this lesson.

## The General Journal

Have you had trouble finding mistakes in your T-account balances? What do you do if you don't balance? Imagine being an accountant for a business that has 200 accounts! The T-account system is not always efficient. There is a better way to keep track of a business' transactions: the general journal.



The **general journal** is a book in which all parts of a transaction are recorded in one place. The transactions are listed in chronological order (by date). You only record a transaction when there is written proof that the transaction occurred. This is known as the **objectivity principle**.



The written proof, which includes sales invoices, purchase invoices, cash receipts, and cheques is known as **source documents**.

The general journal is referred to as a **book of original entry** because information from source documents is recorded directly into it.

## Advantages of Using a Journal

The following are some of the advantages of using a general journal. It provides

- a chronological record of business transactions to present the daily history of the business
- more complete information about the transactions
- an effective means of locating errors, as you can clearly see the debits and credits of each transaction, and that they are equal
- a system of evidence of the transactions if source documents are lost

## Source Documents

**Source documents** are business forms that contain evidence of business transactions on a certain date. These documents begin the accounting process (cycle) by providing the necessary information for journal entries. Source documents act as basic proof if records are questioned, and they also provide additional information that may not be recorded in accounting records.

## Types of Source Documents

The main types of source documents are as follows:

- **Sales Invoice**—It is issued by the seller when a sale is made **on account**. For a sales invoice you always debit accounts receivable.

<b>Strong Arm Fitness</b> The Everyday Gym					
Date:		November 2, 2015			
Invoice #:		SA123			
Bill To:			Ship To:		
Veronica Mulvey Address			Veronica Mulvey Address		
Salesperson	P.O. Number	Ship Date	Ship Via	F.O.B. Point	Terms
					Due in 30 days
Quantity	Description		Unit Price	Amount	
1	1-month membership		\$100	\$ 100.00	
			Total	\$ 100.00	

Strong Arm Fitness sold a one-month membership to Veronica Mulvey. Veronica will pay \$100 in one month.

- **Purchase Invoice**—It is received by a company when a purchase is made **on account**. For a purchase invoice you always credit accounts payable.

<b>Gold's Fitness Supplies</b> Your Workout Superstore					
Date:		November 13, 2015			
Invoice #:		GF432			
Bill To:			Ship To:		
Strong Arm Fitness Address			Strong Arm Fitness Address		
Salesperson	P.O. Number	Ship Date	Ship Via	F.O.B. Point	Terms
					Due in 30 days
Quantity	Description		Unit Price	Amount	
2	Ellipticals		\$600.00	\$ 1200.00	
6	Strength Bands		\$35.00	\$ 210.00	
8	Medicine Balls		\$20.00	\$ 160.00	
			Total	\$ 1570.00	

Strong Arm Fitness purchased new gym equipment from Gold's Fitness Supplies.

- **Cash Receipt**—It is issued by the seller when a **cash sale** is made.

### Paper and Things Not Just Paper

Date: November 19, 2015  
Cash Receipt #: AB1234

Cash Received From: Strong Arm Fitness                      Amount: \$35.00

Quantity	Description	Unit Price	Amount
2	Box 12 Pens	\$5.50	\$ 11.00
8	Post-it Notes	\$2.25	\$ 18.00
10	Stamps	\$0.60	\$ 6.00
	Total		\$ 35.00

Payment Received in:

Cash	<input style="width: 90%;" type="text"/>	
Cheque	<input style="width: 90%;" type="text"/>	
Other	<input style="width: 90%;" type="text"/>	_____ Signed By

Strong Arm Fitness bought office supplies from a local stationary company.  
Strong Arm Fitness paid in cash

- **Cheque**—The payer keeps a copy of the cheque as evidence the purchase was paid.

Strong Arm Fitness makes a \$250 payment toward its bank loan.

<p>STRONG ARM FITNESS 123 Waterloo Avenue WINNIPEG MB R3X 1K5 CAN 204-555-5555</p>		078																					
	DATE	<table style="display: inline-table; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; padding: 2px 5px;">2</td> <td style="border: 1px solid black; padding: 2px 5px;">0</td> <td style="border: 1px solid black; padding: 2px 5px;">1</td> <td style="border: 1px solid black; padding: 2px 5px;">5</td> <td style="padding: 0 5px;">-</td> <td style="border: 1px solid black; padding: 2px 5px;">1</td> <td style="border: 1px solid black; padding: 2px 5px;">1</td> <td style="padding: 0 5px;">-</td> <td style="border: 1px solid black; padding: 2px 5px;">2</td> <td style="border: 1px solid black; padding: 2px 5px;">5</td> </tr> <tr style="font-size: small;"> <td style="text-align: center;">Y</td><td style="text-align: center;">Y</td><td style="text-align: center;">Y</td><td style="text-align: center;">Y</td> <td></td> <td style="text-align: center;">M</td><td style="text-align: center;">M</td> <td></td> <td style="text-align: center;">D</td><td style="text-align: center;">D</td> </tr> </table>	2	0	1	5	-	1	1	-	2	5	Y	Y	Y	Y		M	M		D	D	
2	0	1	5	-	1	1	-	2	5														
Y	Y	Y	Y		M	M		D	D														
<p>PAY TO THE <u>                    The Royal Bank                    </u> \$ <span style="border: 1px solid black; padding: 2px 10px;">250.00</span></p> <p>ORDER OF <u>                    two hundred and fifty                    </u> <span style="float: right;">XX /100 DOLLARS</span></p>																							
<p>THE LOCAL BANK 321 Main Street WINNIPEG, MANITOBA R3W 2G4</p>	<p>MEMO _____ <u>                    John Koe                    </u></p>																						
124 12345 003 00553 67																							

## The Journalizing Process

When you journalize entries you want to make sure you do the following:

1. Number the journal pages consecutively (Page 1, 2, 3, etc.).
2. Record the year at the beginning of each journal page under the word "Date." This is followed by the month and the day.
3. Analyze the transaction as you did when making T-account entries. Decide what account(s) is (are) to be debited and what account(s) is (are) to be credited.
4. Enter the name of the account that is to be debited on the same line as the date, starting at the left margin. The amount of the debit is then entered in the "Debit" column. **The debit entry is always recorded before the credit entry.**
5. Enter the name of the account that is to be credited on the next line, and **indent** it. The amount of the credit is then entered in the "Credit" column. **The debit and credit entries must always be equal.**
6. Enter, if needed, a brief explanation on the third line, starting at the left margin. The source document number must be referenced at this point (e.g., sales invoice, purchase invoice, cheque stub, or whatever information is available to identify the source document), or any special terms (e.g., due date) related to the transaction. If there is no source document or other information, there is no need to write an explanation.
7. Use the posting reference (PR) column when transaction data is transferred to the ledger accounts. This will be discussed in a later lesson. For now, leave it blank.
8. Leave a blank line between each complete journal entry.
9. Never "split" a journal entry over two pages. The debit, credit, and explanation must all be on a single page of the journal.

## Journal Entries for Strong Arm Fitness

GENERAL JOURNAL			Page	3	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
2015					
Nov	2	Accounts Receivable		100.00	
		Membership Revenue			100.00
		Sales invoice #SA123			
	12	Equipment		1,570.00	
		Accounts Payable—Gold's Fitness			1,570.00
		Purchase invoice #GF432			
	19	Stationery Expense		35.00	
		Cash			35.00
	25	Bank Loan Payable		250.00	
		Cash			250.00
		Cheque #078			

## The Opening Entry



An **opening entry** is made when a business first begins operation. All of the assets (debits) and liabilities plus owner's equity (credits) are entered in one entry. The opening entry is recorded only once, when the business first opens or when an existing business is purchased.



An entry that has more than one debit or more than one credit is referred to as a **compound entry**.

Study the sample opening entry for The Breadbasket, Inc. in the illustration shown below.

GENERAL JOURNAL			Page		1
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
2015					
Aug	1	Cash		15,000.00	
		Supplies		2,500.00	
		Office Equipment		5,000.00	
		Baking Equipment		20,000.00	
		Delivery Truck		19,000.00	
		Building		43,000.00	
		Land		8,000.00	
		Bank Loan Payable			7,500.00
		Mortgage Payable			20,000.00
		S. Yeesty, Capital			85,000.00
		To open the books of The Breadbasket, Inc.			

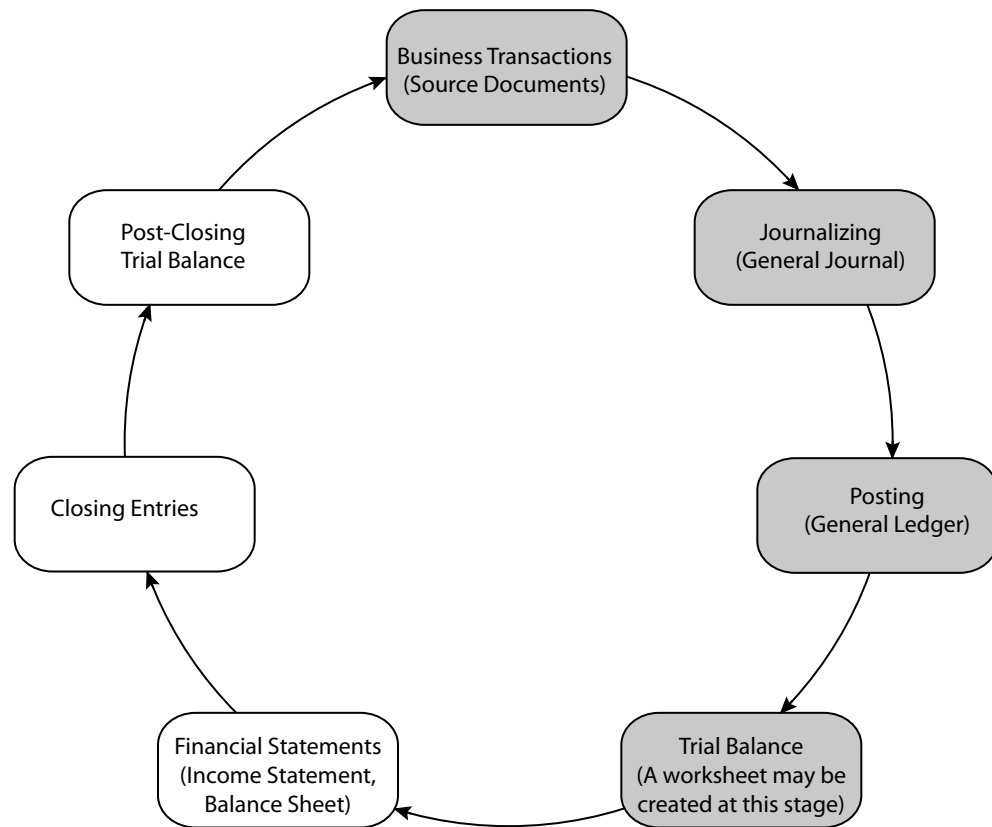
Note the following in the above sample:

- Assets are listed first in the debit column.
- Liabilities and owner's equity are listed last in the credit column.
- Liabilities and owner's equity are indented (this is always the case for the account(s) that are being credited).
- The last line is used to explain that this entry is being inserted in order to open the books.

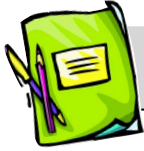
## The Accounting Cycle

- The **accounting cycle** is the set of accounting procedures completed in each accounting period for all accounting systems. The accounting cycle is demonstrated in the illustration that follows.
- The cycle starts with the business making transactions, such as buying assets, paying for expenses, and earning revenue. These transactions are then recorded in the general journal. From the general journal, the account information is posted to the general ledger, which is then used to create the trial balance and the financial statements. Closing entries are recorded to calculate net income/loss, and a post-closing trial balance is created. A new accounting period begins, and the process starts all over again. It is important to remember that these steps must be completed in the proper sequence in each accounting period.

- You have just learned how to do step 2 in the accounting cycle—recording transactions in the general journal. You will learn the rest of the steps throughout the course.







## Learning Activity 4.1

---

### 1. Clean Sweep Janitorial Services

- a) Open the file called “Mod 4 LA 4.1 CSJS.”
- b) Record the opening entry for Clean Sweep Janitorial Services for February 1, 20XX.

Cash	8,000
Supplies	200
Office Equipment	3,000
Cleaning Equipment	8,300
Vans	25,000
Building	85,000
Land	35,000
Bank Loan Payable	14,500
Mortgage Payable	80,000
W. Mopps, Capital	70,000


*continued*

## Learning Activity 4.1 (continued)

### 2. Blue Grass Lawn Care

- a) Open the file called “Mod 4 LA 4.1 BGLC.”
- b) Journalize the following business transactions (starting on page 9):
  - i) Jan. 2—Blue Grass Lawn Care received \$200 cash from a client for previous landscaping work.
  - ii) Jan. 5—Blue Grass Lawn Care provided snow removal for a client (Lawn Maintenance) in the amount of \$100. Client paid cash.
  - iii) Jan. 8—Blue Grass Lawn Care provided snow removal for a client (Lawn Maintenance) in the amount of \$150. Customer has 30 days to pay. Sales invoice #BGL1301.
  - iv) Jan. 15—Blue Grass Lawn Care paid wages in the amount of \$1,400. (Paid two employees \$700 each.) Cheques #077 and #078.
  - v) Jan. 15—Blue Grass Lawn Care made a payment on their bank loan in the amount of \$120, paid by cheque #079.
  - vi) Jan. 18—Blue Grass Lawn Care provided plants and flowers for a new office building downtown (Landscaping) in the amount of \$750. \$250 was paid in cash, the remainder is due in one month. Sales invoice #BGL1302.
  - vii) Jan. 19—Blue Grass Lawn Care provided snow removal for a client (Lawn Maintenance) in the amount of \$120. Customer paid cash.
  - viii) Jan. 20—Blue Grass Lawn Care bought a new snow blower for \$350 from a supplier. The amount is due in two months. Purchase invoice #SPSE2583.
  - ix) Jan. 21—Blue Grass Lawn Care purchased \$85 worth of gas for their snow blower. Paid in cash.
  - x) Jan. 27—Blue Grass Lawn Care received the utilities bill in the amount of \$75. The bill is due in one month. Purchase invoice #MBH5687.

#### **EXCEL HINT:**

To indent the credit account names, click on the cell you want to indent, then click three times on  in the Alignment section of the Home tab.

*continued*

## Learning Activity 4.1 (continued)

### 3. Dr. Le Phang, Dentist

- a) Open the file called “Mod 4 LA 4.1 DLDPD.”
  - b) Journalize the following business transactions (starting on page 22):
    - i) Jul. 2—Dr. Phang charged \$250 for dental fees. The client paid in cash.
    - ii) Jul. 4—Dr. Phang charged \$3,400 for dental fees. The client paid \$500 in cash, the remainder is due in one month. Sales invoice #LP1861.
    - iii) Jul. 5—Dr. Phang bought more dental supplies in the amount of \$750. The amount is due in one month. Purchase invoice #DSI3498.
    - iv) Jul. 9—Dr. Phang paid the current utilities bill in the amount of \$160. Cheque #120.
    - v) Jul. 12—Dr. Phang charged \$385 for dental fees. The client paid cash.
    - vi) Jul. 15—Dr. Phang paid \$3,750 in salaries. (Two employees \$1,875 each.) Cheques #121 and #122.
    - vii) Jul. 18—Dr. Phang received \$650 from a client for previous dental work.
    - viii) Jul. 20—Dr. Phang paid the telephone/Internet bill worth \$120. Cheque # 123.
    - ix) Jul. 25—Dr. Phang charged \$225 for dental fees. The amount is due in one month. Sales invoice #LP1862.
    - x) Jul. 31—Dr. Phang withdrew \$200 for personal use. Cheque #124
-

## End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 4 Learning Activity Answer Key to ensure that your answers are correct. It is found at the end of Module 4.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next lesson builds on the outcomes you just finished.

## LESSON 2: THE LEDGER AND POSTING PROCEDURES

### Lesson Focus

By the end of this lesson, you should be able to

- explain the need for and purpose of the ledger
- open ledger accounts
- post journal entries into appropriate ledger accounts with a cross-reference for each entry
- post an opening entry to appropriate ledger accounts
- update the trial balance after posting

### Introduction

This lesson introduces the general ledger, which contains a group of accounts with transactions related to each account, as well as account balances. You will also learn how to transfer transaction data from the general journal to the general ledger—a procedure referred to as posting.

### The General Ledger

The general journal is the first place to record transactions. It is important for a business to keep a record of all the transactions in chronological order. This, however, makes it difficult to find the balance of any individual account. Businesses must be aware of the various account balances at all times and a journal does not provide this type of information.

For example, what if Strong Arm Fitness needs to know how much they owe to Sam's Computers? If Strong Arm Fitness only has a general journal, Strong Arm Fitness will have to look through every transaction since the business opened to add up all of the purchases from and payments to Sam's Computers. This is very time-consuming; however, with a general ledger, this task is quite simple. Strong Arm Fitness only has to look at the Accounts Receivable—Sam's Computers account to see the current balance.



Businesses use a general ledger, which contains all accounts in a business (similar to T-accounts but more practical). The **general ledger** shows the current balance of all the accounts and the separate entries made to the accounts by date. Several reasons for using a ledger system include

- to sort the journal entries into accounts
- to summarize the effect of transactions on accounts
- to show in one place the total amount of each account
- to supply account balances to prepare an up-to-date income statement and balance sheet

## Chart of Accounts

Each account in the general ledger is assigned an account number and an account title. The accounts are given numbers that place them in the same order as they appear on the income statement and balance sheet. These numbers are usually assigned in the following series and sequence:

Number Series	Type of Account
100–199	Assets
200–299	Liabilities
300–399	Owner’s Equity
400–499	Revenue
500–599	Expenses

This course will use the number series as illustrated above. However, some systems, such as *Simply Accounting*, use the number series in thousands rather than in hundreds. The main rule to remember is that Assets begin with the number 1, Liabilities begin with 2, Owner’s Equity begins with 3, Revenues begin with 4, and Expenses begin with 5.



By listing the names and account numbers of all the accounts in the ledger, a business creates a **chart of accounts**.

When assigning account numbers, be sure to leave a gap of approximately ten between accounts to allow for other accounts to be inserted when needed. This allows for accounts to be listed in order of liquidity. Use your judgment when assigning account numbers so that you do not run out of numbers. Note the chart of accounts for Strong Arm Fitness.

Study the illustrated chart of accounts below.

<b>Strong Arm Fitness Chart of Accounts</b>	
<b>Assets</b>	
100	Cash
110	Accounts Receivable
120	Equipment
130	Furniture
140	Building
150	Land
<b>Liabilities</b>	
200	Accounts Payable
210	Bank Loan Payable
220	Mortgage Payable
<b>Owner's Equity</b>	
300	J. Koe, Capital
310	J. Koe, Drawings
<b>Revenue</b>	
400	Massage Therapy Revenue
410	Personal Training Revenue
420	Membership Revenue
<b>Expense</b>	
500	Advertising Expense
510	Stationery Expense
520	Telephone/Internet Expense
530	Utilities Expense
540	Wages Expense

## Opening the General Ledger Accounts

When opening the general ledger you will need a chart of accounts and the account balances, which can be found in the following trial balance. This is the procedure you should follow to open and enter information in the general ledger.

1. Enter the name of the account to the right of the word ACCOUNT.
2. Enter the account number located to the right of the “No” (at the far right top line).
3. Repeat for each account on a new general ledger form in numerical order.

Strong Arm Fitness			
Trial Balance			
October 31, 2015			
Cash		\$ 13,900.00	
Accounts Receivable		8,600.00	
Equipment		67,000.00	
Furniture		43,000.00	
Building		150,000.00	
Land		100,000.00	
Accounts Payable			\$ 14,500.00
Bank Loan Payable			25,000.00
Mortgage Payable			170,000.00
J. Koe, Capital			173,000.00
Totals		\$ 382,500.00	\$ 382,500.00

Following is an example for opening the ledger accounts for Cash, Accounts Payable, and Capital.

GENERAL LEDGER						
ACCOUNT	Cash				No.	100
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE



GENERAL LEDGER						
ACCOUNT	Accounts Payable				No.	200
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE

GENERAL LEDGER						
ACCOUNT	J. Koe, Capital				No.	300
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE

## Recording Account Balances

All of your trial balance accounts have to be recorded in the general ledger. Following is the procedure to record the balances in the general ledger:

1. Record the year (at the top of the date column).
2. Record the month and date (the month needs to be put at the top of each column and written again only when the month changes).
3. For the Grade 11 Accounting course, the PARTICULARS column will not be used.
4. Enter the balance amount in the BALANCE column.
5. In the DR/CR column indicate whether the account has a debit or credit **balance**.

**HINT:**

At this level of accounting, assets will always have a debit balance, and liabilities and owner's equity will always have a credit balance.

6. Put a check mark (✓) in the P.R. column to indicate that this was transferred from another source.

After recording account balances, the general ledger looks as follows:

GENERAL LEDGER							
ACCOUNT Cash					No.	100	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Nov	1		✓			DR	13,900.00

GENERAL LEDGER							
ACCOUNT Accounts Receivable					No.	110	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Nov	1		✓			DR	8,600.00

GENERAL LEDGER							
ACCOUNT Equipment					No.	120	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Nov	1		✓			DR	67,000.00

GENERAL LEDGER							
ACCOUNT Furniture					No.	130	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Nov	1		✓			DR	43,000.00

GENERAL LEDGER							
ACCOUNT Building					No.	140	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Nov	1		✓			DR	150,000.00

GENERAL LEDGER							
ACCOUNT		Land				No.	150
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Nov	1		✓			DR	100,000.00

GENERAL LEDGER							
ACCOUNT		Accounts Payable				No.	200
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Nov	1		✓			CR	14,500.00

GENERAL LEDGER							
ACCOUNT		Bank Loan Payable				No.	210
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Nov	1		✓			CR	25,000.00

GENERAL LEDGER							
ACCOUNT		Mortgage Payable				No.	220
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Nov	1		✓			CR	170,000.00

GENERAL LEDGER							
ACCOUNT		J. Koe, Capital				No.	300
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Nov	1		✓			CR	173,000.00

## Posting

Remember, the general journal is a list of all business transactions in chronological order. There are times when a business needs to know specific account information. The general ledger allows you to do this, as the information is organized by account, not chronologically.



Once all the accounts have been opened in the general ledger it is time to begin the posting procedure. **Posting** refers to copying transactions from the general journal to the general ledger.

You post the entries to the general ledger so that all of your account information is in one place, making it easier to find account balances. At the beginning of the module, it was noted that Strong Arm Fitness needs to know how much money it owes to Sam's Computers. The general ledger will allow you to find this information faster.

Post the first transaction.

Step 1: Locate the first entry in the general journal

GENERAL JOURNAL				Page		3
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	
2015						
Nov	2	Accounts Receivable		100.00		
		Membership Revenue			100.00	
		Sales Invoice #SA123				

General  
Journal  
Entry

Step 2: Post the debit entry from the general journal to the general ledger. Start by locating the Accounts Receivable account in the general ledger.

- Record the date in the DATE column.
- Enter "J3" in the P.R. column. This indicates the info came from the general journal page three.
- Enter the amount in the DEBIT column (since your transaction had a debit to Accounts Receivable).
- Calculate the new balance.
- Indicate if the new balance has a debit or credit balance by writing "DR" or "CR" in the DR/CR column.

GENERAL LEDGER							
ACCOUNT		Accounts Receivable			No.	110	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Nov	1		✓			DR	8,600.00
	2		J3	100.00		DR	8,700.00

- Record the date. Since the month is the same as the line above, only the day is needed.
- Record "J3" to show the transaction came from page three of the general journal.
- Record the amount.
- Calculate the new balance.
- Write "DR" to show the new balance is still a debit.

**Note:** The new balance is calculated by taking the balance from the above line (\$8,600) and adding the transaction amount (\$100).

$$\$8,600 + 100 = \$8,700$$

Since Accounts Receivable is an asset and has a debit balance, and the transaction amount was a debit, you add the two numbers together. If the transaction amount had been a credit, then you would subtract the transaction amount from the balance.

Step 3: Return to the general journal. In the PR column insert the account number of the general ledger account where you just recorded the entry.

GENERAL JOURNAL				Page		3
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	
2015						
Nov	2	Accounts Receivable	110	100.00		
		Membership Revenue			100.00	
		Sales invoice #SA123				

Step 4: Post the credit entry from the general journal to the general ledger. Locate the Membership Revenue account in the general ledger.

- Record the date in the DATE column.
- Enter "J3" in the PR column. This indicates the info came from the general journal page three.
- Enter the amount in the CREDIT column (since your transaction had a credit to Membership Revenue).
- Calculate the new balance.
- Indicate if the new balance is a debit or a credit in the DR/CR column.

GENERAL LEDGER							
ACCOUNT		Membership Revenue			No.		420
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Nov	2		J3		100.00	CR	100.00

a) Record the date. Since the month is the same as the line above, only the day is needed.

b) Record "J3" to show the transaction came from page three of the general journal.

c) Record the amount.

e) Write "CR" to show the new balance is still a credit.

d) Calculate the new balance.

**Note:** The new balance is calculated by taking the balance from the above line (\$5,300) and adding the transaction amount (\$100).

$$\$5,300 + 100 = \$5,400$$

Since Membership Revenue is a revenue and has a credit balance, and the transaction amount was a credit, you add the two numbers together. If the transaction amount had been a debit, then you would subtract the transaction amount from the balance.

Step 5: Repeat the posting procedure for each journal entry in the same manner.

When finished your general journal and general ledger will look like the following samples.

GENERAL JOURNAL					Page	3
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	
2015						
Nov	2	Accounts Receivable	110	100.00		
		Membership Revenue	420		100.00	
		Sales invoice #SA123				
	12	Equipment	120	970.00		
		Accounts Payable – Gold’s Fitness	200		970.00	
		Purchase invoice #GF432				
	19	Stationery Expense	510	35.00		
		Cash	100		35.00	
	25	Bank Loan Payable	220	250.00		
		Cash	100		250.00	
		Cheque #78				

GENERAL LEDGER						
ACCOUNT	Cash				No.	100
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR. BALANCE
2015						
Nov	1		✓			DR 13,900.00
	19		J3		35.00	DR 13,865.00
	25		J3		250.00	DR 13,615.00

GENERAL LEDGER						
ACCOUNT		Accounts Receivable			No. 110	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
2015						
Nov	1		✓			DR 8,600.00
	2		J3	100.00		DR 8,700.00

GENERAL LEDGER						
ACCOUNT		Equipment			No. 120	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
2015						
Nov	1		✓			DR 67,000.00
	12		J3	970.00		DR 67,970.00

GENERAL LEDGER						
ACCOUNT		Furniture			No. 130	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
2015						
Nov	1		✓			DR 43,000.00

GENERAL LEDGER						
ACCOUNT		Building			No. 140	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
2015						
Nov	1		✓			DR 150,000.00

GENERAL LEDGER						
ACCOUNT		Land			No. 150	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
2015						
Nov	1		✓			DR 100,000.00



GENERAL LEDGER						
ACCOUNT		Accounts Payable			No. 200	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
2015						
Nov	1		✓			14,500.00
	12		J3		970.00	15,470.00

GENERAL LEDGER						
ACCOUNT		Bank Loan Payable			No. 210	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
2015						
Nov	1		✓			25,000.00
	25		J3	250.00		24,750.00

GENERAL LEDGER						
ACCOUNT		Mortgage Payable			No. 230	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
2015						
Nov	1		✓			170,000.00

GENERAL LEDGER						
ACCOUNT		J. Koe, Capital			No. 300	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
2015						
Nov	1		✓			173,000.00

GENERAL LEDGER						
ACCOUNT		Membership Revenue			No. 420	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
2015						
Nov	2		J3		100.00	100.00

GENERAL LEDGER						
ACCOUNT		Stationery Expense			No. 510	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
					DR. CR.	
2015						
Nov	19		J3	35.00	DR	35.00



You may get the urge to save time and record the transactions by account; however, to reduce your chances of error, you **MUST** record each transaction one transaction at a time, according to the date (this means posting line by line in the same order transactions were written). In reality, you would be posting as transactions happen, which is why posting by date is the proper method.

## Updated Trial Balance

Business transactions that occur in the new financial period result in changes to the ledger accounts. Once these changes have been recorded, the previous trial balance and financial statements (income statement and balance sheet) become outdated. You now need to make a new trial balance. To do this, take the final balances from the general ledger and make a trial balance.

The totals should be equal, indicating the mathematical accuracy of the ledger.

The updated trial balance for Strong Arm Fitness follows.

Strong Arm Fitness			
Trial Balance			
November 30, 2015			
Cash	100	\$ 13,615.00	
Accounts Receivable	110	8,700.00	
Equipment	120	67,970.00	
Furniture	130	43,000.00	
Building	140	150,000.00	
Land	150	100,000.00	
Accounts Payable	200		\$ 15,470.00
Bank Loan Payable	210		24,750.00
Mortgage Payable	220		170,000.00
J. Koe, Capital	300		173,000.00
Membership Revenue	420		100.00
Stationery Expense	510	35.00	
Totals		\$ 383,320.00	\$ 383,320.00

Note that the account numbers are now included in the second column.

## Correcting Errors

### Accuracy Check

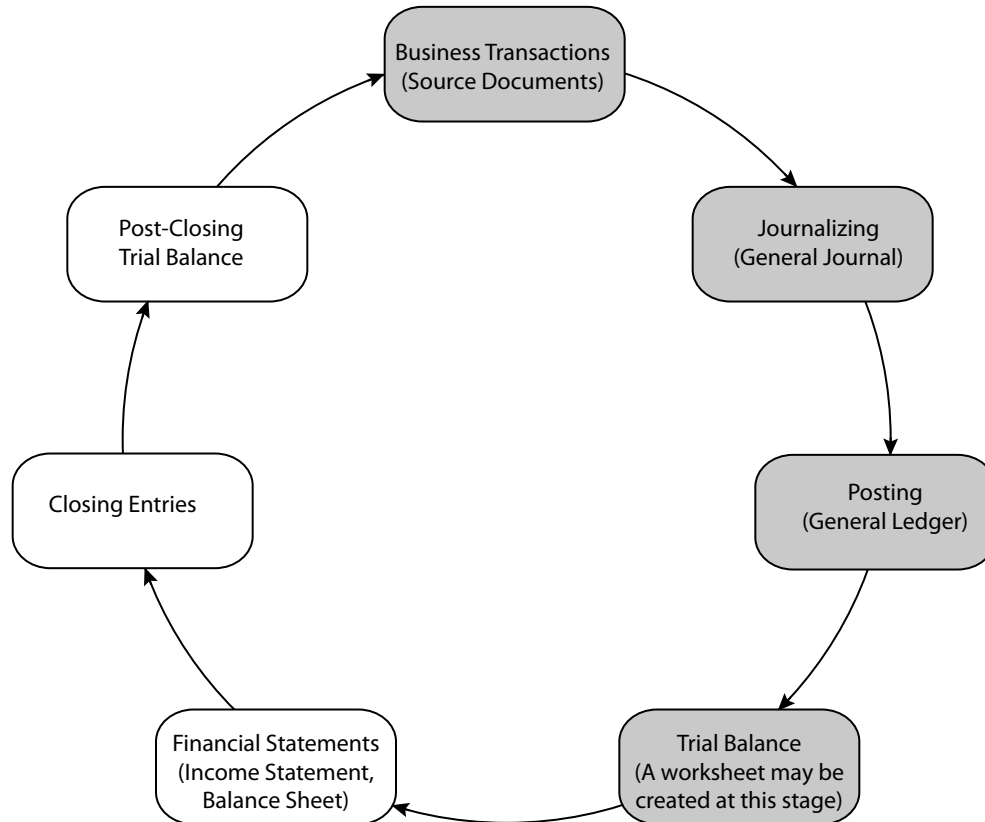
After updating the trial balance, you might notice that your trial balance may not be in balance (final totals do not equal). When you are not in balance, it is likely that at least one error was made during the posting process. When this happens, go through the following steps to find your error(s):

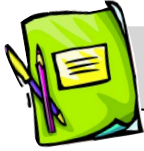
- double check your final totals in the trial balance for mathematical accuracy (i.e., add up your columns again)
- double check each account balance in the general ledger for mathematical accuracy
- double check that all parts of the transaction were posted (both the debit and credit amounts)
- double check that you posted to the correct account in the general ledger
- double check that you posted the correct amount (e.g., transposition error where 94 is posted instead of 49)
- double check that you posted to the correct side of the account (e.g., accidentally posting a debit when it should be a credit).

By completing these steps (and with a little patience), you will likely find your error(s).

## The Accounting Cycle

You have now learned the third step in the Accounting Cycle—posting! It is now time to demonstrate what you have learned in the next learning activity.





## Learning Activity 4.2

### 1. Clean Sweep Janitorial Services

- a) Open the file called “Mod 4 LA 4.2 CSJS.”
- b) Open the following accounts in the general ledger. Use February 1 for the date.

Cash	100
Supplies	110
Office Equipment	120
Cleaning Equipment	130
Vans	140
Building	150
Land	160
Bank Loan Payable	200
Mortgage Payable	210
W. Mopps, Capital	300

- c) Open the file “Mod 4 LA 4.1 CSJS” you used for Learning Activity 4.1. Post the opening entry from Learning Activity 4.1 to the general ledger.

#### **EXCEL HINT:**

To insert a check mark (✓) in a cell, do the following:

- a) Click on the “Insert” tab.
- b) Click on the “Symbol” button, and select the check mark.
- c) If you don’t see the check mark, look for “More Symbols,” make sure the font is set to “Wingdings.” In the “Character Code” box type “252.” From this point forward the check mark should show as a recently used symbol, when you click on “Symbol.”

*continued*

## Learning Activity 4.2 (continued)

### 2. Blue Grass Lawn Care

- a) Open the file called “Mod 4 LA 4.2 BGLC.”
- b) Use the following trial balance to open the general ledger for the month of January.

Blue Grass Lawn Care			
Trial Balance			
December 31, 20XX			
Cash	100	\$ 3,965.00	
Accounts Receivable	110	400.00	
Equipment	120	3,400.00	
Accounts Payable	200		\$ 1,025.00
Bank Loan Payable	210		5,000.00
M. Clemmons, Capital	300		1,740.00
Totals		\$ 7,765.00	\$ 7,765.00

- c) In addition to the accounts in the trial balance, open the following accounts (use proper account numbers):
  - M. Clemmons, Drawings
  - Lawn Maintenance Revenue
  - Landscaping Revenue
  - Advertising Expense
  - Gas Expense
  - Phone Expense
  - Utilities Expense
  - Wages Expense
- d) Post the transactions from Learning Activity 4.1. Remember that the transactions come from page nine of the general journal.

#### EXCEL HINT:

Let Excel do the work for you. When calculating new balances for debit accounts, use a formula that takes the previous balance, adds any new debit amounts, and subtracts any new credit amounts. Credit accounts should have a formula that takes the previous balance, adds new credit amounts, and subtracts new debit amounts. See the following examples.

*continued*

## Learning Activity 4.2 (continued)

If you have the following general ledger:

GENERAL LEDGER							
ACCOUNT		Cash				No.	100
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Nov	1		✓			DR	6,550.00
	19		J3		35.00	DR	6,515.00
	25		J3		250.00	DR	6,265.00

Your formula will look like this.

GENERAL LEDGER							
ACCOUNT		Cash				No.	100
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Nov	1		✓			DR	6550
	19		J3		35	DR	=H5+E6-F6
	25		J3		250	DR	=H6+E7-F7

Since Cash is a debit account, the formula takes the above balance, adds the debit cell and subtracts the credit cell. This formula can then be dragged down so that you don't have to re-write the formula every time, no matter if your transaction has a debit or credit to the account. To copy the formula, drag the formula by using the black bold + sign at the bottom right-hand side of the cell.

For a credit account, you need to take the above balance, add the credit cell, and then subtract the debit cell. The formula will look like this.

GENERAL LEDGER							
ACCOUNT		Cash				No.	100
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Nov	1		✓			CR	2500
	12		J3		970	CR	=H49+F50-E50

*continued*

## Learning Activity 4.2 (continued)

- e) Create an updated Trial Balance for Blue Grass Lawn Care for the month of January. Remember, do not include accounts with zero balances.

### 3. Dr. Le Phang, Dentist

- a) Open the file called “Mod 4 LA 4.2 DLPD.”  
 b) Use the following trial balance to open the general ledger for the month of July.

Dr. Le Phang, Dentist			
Trial Balance			
June 30, 20XX			
Cash	100	\$ 4,760.00	
Accounts Receivable	110	5,000.00	
Dental Supplies	120	800.00	
Equipment	130	16,000.00	
Furniture	140	5,000.00	
Building	150	45,000.00	
Land	160	25,000.00	
Accounts Payable	200		\$ 13,050.00
Bank Loan Payable	210		8,780.00
Mortgage Payable	220		49,000.00
L. Phang, Capital	300		30,730.00
Totals		\$ 101,560.00	\$ 101,560.00

- c) In addition to the accounts in the trial balance, open the following accounts (use proper account numbers):
- L. Phang, Drawings
  - Dental Fees
  - Advertising Expense
  - Cable Expense
  - Dental Supplies Expense
  - Insurance Expense
  - Office Cleaning Expense
  - Salaries Expense
  - Telephone/Internet Expense
  - Utilities Expense

*continued*



## Learning Activity 4.2 (continued)

- d) Post the transactions from Learning Activity 4.1. Remember that the transactions come from page 22 of the general journal.
  - e) Create an updated Trial Balance for Dr. Le Phang, Dentist for the month of July. Remember, do not include accounts with zero balances.
- 

## End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 4 Learning Activity Answer Key to ensure that your answers are correct.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next module builds on the outcomes you just finished.

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## Notes



## Assignment 4.1

You are about to start the fourth assignment that will be submitted to the Distance Learning Unit. This assignment is based on the Learning Activities that you have already completed. For each question, note the amount of marks it is worth. Any errors will cause a loss of mark(s). Check your work carefully before submitting it.

### 1. Snips Hair Care

- a) Open the file “Mod 4 A1.” Save the file as “Your Name Mod 4 A1.”
- b) Use the following Snips Hair trial balance for the month of July to open the accounts as of August 1, 20XX in the general ledger. (2 marks)

Snips Hair Care			
Trial Balance			
July 31, 20XX			
Cash	100	\$ 7,350.00	
Accounts Receivable	110	150.00	
Supplies	120	200.00	
Equipment	130	8,990.00	
Furniture	140	7,950.00	
Accounts Payable	200		\$ 2,440.00
Bank Loan Payable	210		6,700.00
I. Kutz, Capital	300		15,500.00
Totals		\$ 24,640.00	\$ 24,640.00

- c) In addition to the accounts in the trial balance, open the following accounts (use proper account numbers): (2 marks)
  - I. Kutz, Drawings
  - Service Revenue
  - Advertising Expense
  - Communications Expense
  - Rent Expense
  - Utilities Expense
  - Wages Expense

*continued*

## Assignment 4.1 (continued)

- d) Snips Hair Care had the following transactions during the month of August. Record the transactions in the General Journal. Start on page five. (18 marks)
- i) Aug. 2—A client received a cut, dry, and style in the amount of \$84. The client paid in cash.
  - ii) Aug. 3—A family of four received various services in the amount of \$155. \$75 was paid in cash, the remainder is due in two weeks. Sales invoice #SHC027.
  - iii) Aug. 5—Spent \$250 on advertising. Paid with cheque #78.
  - iv) Aug. 6—Paid the utilities bill for \$90. Paid with cheque #79.
  - v) Aug. 8—Purchased new equipment on account worth \$109. Purchase invoice #HC1045.
  - vi) Aug. 11—A wedding party received updos in the amount of \$265. The bridal party paid in cash.
  - vii) Aug. 14—A family of three received various services in the amount of \$115. The family paid in cash.
  - viii) Aug. 19—Paid the Communications bill in the amount of \$145 with cheque #80.
  - ix) Aug. 21—Ingrid Kutz withdrew \$500 for personal use with cheque #81.
  - x) Aug. 23—A family of five received various services in the amount of \$170. The family paid in cash.
  - xi) Aug. 23—Paid rent with cheque #82 in the amount of \$800.
  - xii) Aug. 24—A client received a sweet sixteen birthday updo and makeup. Total sales \$245. \$100 was paid in cash and the remainder is due in two weeks. Sales invoice #SHC028.
  - xiii) Aug. 25—A client received a cut, dry, and style in the amount of \$84. The client paid in cash.
  - xiv) Aug. 26—A client received a cut, colour, dry, and style in the amount of \$109. The client paid in cash.
  - xv) Aug. 27—Paid Hair Co. \$1,900 for equipment previously purchased. Cheque #83.
- e) Post the entries to the General Ledger. (10 marks)
- f) Create a Trial Balance for Snips Hair Care for the end of August. (3 marks)

## MODULE 4 SUMMARY

Congratulations on completing Module 4! You now know how to record transactions into the general journal, how to post to the general ledger, and how to complete an updated trial balance.

In Module 5, you will learn about subsidiary ledgers, which allow a business to keep better track of their accounts receivable and accounts payable.



### Submitting Your Assignments

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It is now time for you to submit Assignment 4.1 to the Distance Learning Unit so that you can receive some feedback on how you are doing in this course. Remember that you must submit all the assignments in this course before you can receive your credit.

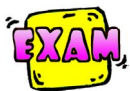
Make sure you have completed all parts of your Module 4 assignment and organize your material in the following order:

- Module 4 Cover Sheet (found at the end of the course Introduction)
- Assignment 4.1
  - Excel File “Mod 4 A1”
    - General Ledger Entries
    - Trial Balance

For instructions on submitting your assignment, refer to How to Submit Assignments in the course introduction.

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## Midterm Examination



Congratulations, you have finished the fourth module in the course. The midterm examination is out of 100 marks and worth 25% of your final mark. In order to do well on this examination, you should review all of your learning activities and assignments from Modules 1 to 4.

You will complete this examination while being supervised by a proctor. You should already have made arrangements to have the examination sent to the proctor from the Distance Learning Unit. If you have not yet made arrangements to write it, then do so now. The instructions for doing so are provided in the Introduction to this module.

You will need to bring the following items to the examination: pens/pencils and scrap paper. A maximum of 2.5 hours is available to complete your midterm examination. When you have completed it, the proctor will then forward it for assessment. Good luck!

### How to Study for Your Midterm Examination

To do well on your midterm examination, you should review all the work you have completed in Modules 1 to 4, including all learning activities and assignments.

The questions on the midterm examination are set up exactly like the learning activities and the assignments. In other words, you will be asked to do the same kinds of things three separate times—on the learning activities, on the assignments, and on the midterm examination. The final examination is also set up the same way.



GRADE 11 ACCOUNTING  
ESSENTIALS (30S)

Module 4  
Journals and Ledgers—  
Keeping Track of It All

Learning Activity Answer Key





# MODULE 4: JOURNALS AND LEDGERS— KEEPING TRACK OF IT ALL

## Learning Activity 4.1

### 1. Clean Sweep Janitorial Services

- a) Open the file called “Mod 4 LA 4.1 CSJS.”
- b) Record the opening entry for Clean Sweep Janitorial Services for February 1, 20XX.

Cash	8,000
Supplies	200
Office Equipment	3,000
Cleaning Equipment	8,300
Vans	25,000
Building	85,000
Land	35,000
Bank Loan Payable	14,500
Mortgage Payable	80,000
W. Mopps, Capital	70,000


*Answer:*

GENERAL JOURNAL			Page		1
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20XX					
Feb	1	Cash		8,000.00	
		Supplies		200.00	
		Office Equipment		3,000.00	
		Cleaning Equipment		8,300.00	
		Vans		25,000.00	
		Building		85,000.00	
		Land		35,000.00	
		Bank Loan Payable			14,500.00
		Mortgage Payable			80,000.00
		W. Mopps, Capital			70,000.00
		To open the books of Clean Sweep Janitorial Services			

## 2. Blue Grass Lawn Care

- a) Open the file called “Mod 4 LA 4.1 BGLC.”
- b) Journalize the following business transactions (starting on page 9):
  - i) Jan. 2—Blue Grass Lawn Care received \$200 cash from a client for previous landscaping work.
  - ii) Jan. 5—Blue Grass Lawn Care provided snow removal for a client (Lawn Maintenance) in the amount of \$100. Client paid cash.
  - iii) Jan. 8—Blue Grass Lawn Care provided snow removal for a client (Lawn Maintenance) in the amount of \$150. Customer has 30 days to pay. Sales invoice #BGL1301.
  - iv) Jan. 15—Blue Grass Lawn Care paid wages in the amount of \$1,400. (Paid two employees \$700 each.) Cheques #077 and #078.
  - v) Jan. 15—Blue Grass Lawn Care made a payment on their bank loan in the amount of \$120, paid by cheque #079.
  - vi) Jan. 18—Blue Grass Lawn Care provided plants and flowers for a new office building downtown (Landscaping) in the amount of \$750. \$250 was paid in cash, the remainder is due in one month. Sales invoice #BGL1302.
  - vii) Jan. 19—Blue Grass Lawn Care provided snow removal for a client (Lawn Maintenance) in the amount of \$120. Customer paid cash.
  - viii) Jan. 20—Blue Grass Lawn Care bought a new snow blower for \$350 from a supplier. The amount is due in two months. Purchase invoice #SPSE2583.
  - ix) Jan. 21—Blue Grass Lawn Care purchased \$85 worth of gas for their snow blower. Paid in cash.
  - x) Jan. 27—Blue Grass Lawn Care received the utilities bill in the amount of \$75. The bill is due in one month. Purchase invoice #MBH5687.

### EXCEL HINT:

To indent the credit account names, click on the cell you want to indent, then click three times on  in the Alignment section of the Home tab.

Answer:

GENERAL JOURNAL			Page	9	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Jan	2	Cash		200.00	
		Accounts Receivable			200.00
	5	Cash		100.00	
		Lawn Maintenance Revenue			100.00
	8	Accounts Receivable		150.00	
		Lawn Maintenance Revenue			150.00
		Sales Invoice #BG1301—due in 30 days			
	15	Wages Expense		1,400.00	
		Cash			1,400.00
		Cheques #077 and #078			
	15	Bank Loan Payable		120.00	
		Cash			120.00
		Cheque #079			
	18	Cash		250.00	
		Accounts Receivable		500.00	
		Landscaping Revenue			750.00
		Sales Invoice #BG1302—due in one month			
	19	Cash		120.00	
		Lawn Maintenance Revenue			120.00
	20	Equipment		350.00	
		Accounts Payable			350.00
		Purchase Invoice #SPSE2583—due in two months			
	21	Gas Expense		85.00	
		Cash			85.00
	27	Utilities Expense		75.00	
		Accounts Payable			75.00
		Purchase Invoice #MBH5687—due in one month			

### 3. Dr. Le Phang, Dentist

- a) Open the file called “Mod 4 LA 4.1 DLPD.”
- b) Journalize the following business transactions (starting on page 22):
  - i) Jul. 2—Dr. Phang charged \$250 for dental fees. The client paid in cash.
  - ii) Jul. 4—Dr. Phang charged \$3,400 for dental fees. The client paid \$500 in cash, the remainder is due in one month. Sales invoice #LP1861.
  - iii) Jul. 5—Dr. Phang bought more dental supplies in the amount of \$750. The amount is due in one month. Purchase invoice #DSI3498.
  - iv) Jul. 9—Dr. Phang paid the current utilities bill in the amount of \$160. Cheque #120.
  - v) Jul. 12—Dr. Phang charged \$385 for dental fees. The client paid cash.
  - vi) Jul. 15—Dr. Phang paid \$3,750 in salaries. (Two employees \$1,875 each.) Cheques #121 and #122.
  - vii) Jul. 18—Dr. Phang received \$650 from a client for previous dental work.
  - viii) Jul. 20—Dr. Phang paid the telephone/Internet bill worth \$120. Cheque # 123.
  - ix) Jul. 25—Dr. Phang charged \$225 for dental fees. The amount is due in one month. Sales invoice #LP1862.
  - x) Jul. 31—Dr. Phang withdrew \$200 for personal use. Cheque #124

Answer:

GENERAL JOURNAL			Page	22	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Jul	2	Cash		250.00	
		Dental Fees			250.00
	4	Cash		500.00	
		Accounts Receivable		2,900.00	
		Dental Fees			3,400.00
		Sales Invoice #LP1861—due in one month			
	5	Dental Supplies		750.00	
		Accounts Payable			750.00
		Purchase Invoice #DS13498—due in one month			
	9	Utilities Expense		160.00	
		Cash			160.00
		Cheque #120			
	12	Cash		385.00	
		Dental Fees			385.00
	15	Salaries Expense		3,750.00	
		Cash			3,750.00
		Cheques #121 and #122			
	18	Cash		650.00	
		Accounts Receivable			650.00
	20	Telephone/Internet Expense		120.00	
		Cash			120.00
		Cheque #123			
	25	Accounts Receivable		225.00	
		Dental Fees			225.00
		Sales Invoice #LP1862—due in one month			
	31	L. Phang, Drawings		200.00	
		Cash			200.00
		Cheque #124			

## Learning Activity 4.2

### 1. Clean Sweep Janitorial Services

- a) Open the file called “Mod 4 LA 4.2 CSJS.”
- b) Open the following accounts in the general ledger. Use February 1 for the date.

Cash	100
Supplies	110
Office Equipment	120
Cleaning Equipment	130
Vans	140
Building	150
Land	160
Bank Loan Payable	200
Mortgage Payable	210
W. Mopps, Capital	300

- c) Open the file “Mod 4 LA 4.1 CSJS” you used for Learning Activity 4.1. Post the opening entry from Learning Activity 4.1 to the general ledger.

#### **EXCEL HINT:**

To insert a check mark (✓) in a cell, do the following:

- a) Click on the “Insert” tab.
- b) Click on the “Symbol” button, and select the check mark.
- c) If you don’t see the check mark, look for “More Symbols,” make sure the font is set to “Wingdings.” In the “Character Code” box type “252.” From this point forward the check mark should show as a recently used symbol, when you click on “Symbol.”

Answer:

GENERAL JOURNAL				Page		1
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	
20xx						
Feb	1	Cash	100	8,000.00		
		Supplies	110	200.00		
		Office Equipment	120	3,000.00		
		Cleaning Equipment	130	8,300.00		
		Vans	140	25,000.00		
		Building	150	85,000.00		
		Land	160	35,000.00		
		Bank Loan Payable	200		14,500.00	
		Mortgage Payable	210		80,000.00	
		W. Mopps, Capital	300		70,000.00	
		To open the books of Clean Sweep Janitorial Services				

GENERAL LEDGER							
ACCOUNT	Cash					No.	100
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Feb	1		✓			DR	8,000.00

GENERAL LEDGER							
ACCOUNT	Supplies					No.	110
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Feb	1		✓			DR	200.00

GENERAL LEDGER							
ACCOUNT	Office Equipment					No.	120
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Feb	1		✓			DR	3,000.00

GENERAL LEDGER							
ACCOUNT Cleaning Equipment					No.	130	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Feb	1		✓			DR	8,300.00

GENERAL LEDGER							
ACCOUNT Vans					No.	140	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Feb	1		✓			DR	25,000.00

GENERAL LEDGER							
ACCOUNT Building					No.	150	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Feb	1		✓			DR	85,000.00

GENERAL LEDGER							
ACCOUNT Land					No.	160	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Feb	1		✓			DR	35,000.00

GENERAL LEDGER							
ACCOUNT Bank Loan Payable					No.	200	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Feb	1		✓			CR	14,500.00



GENERAL LEDGER						
ACCOUNT		Mortgage Payable			No. 210	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Feb	1		✓			80,000.00

GENERAL LEDGER						
ACCOUNT		W. Mopps, Capital			No. 300	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Feb	1		✓			70,000.00

## 2. Blue Grass Lawn Care

- a) Open the file called "Mod 4 LA 4.2 BGLC."
- b) Use the following trial balance to open the general ledger for the month of January.

Blue Grass Lawn Care			
Trial Balance			
December 31, 20XX			
Cash	100	\$ 3,965.00	
Accounts Receivable	110	400.00	
Equipment	120	3,400.00	
Accounts Payable	200		\$ 1,025.00
Bank Loan Payable	210		5,000.00
M. Clemmons, Capital	300		1,740.00
Totals		\$ 7,765.00	\$ 7,765.00

- c) In addition to the accounts in the trial balance, open the following accounts (use proper account numbers):
  - M. Clemmons, Drawings
  - Lawn Maintenance Revenue
  - Landscaping Revenue
  - Advertising Expense
  - Gas Expense
  - Phone Expense
  - Utilities Expense
  - Wages Expense
- d) Post the transactions from Learning Activity 4.1. Remember that the transactions come from page nine of the general journal.

### EXCEL HINT:

Let Excel do the work for you. When calculating new balances for debit accounts, use a formula that takes the previous balance, adds any new debit amounts, and subtracts any new credit amounts. Credit accounts should have a formula that takes the previous balance, adds new credit amounts, and subtracts new debit amounts. See the following examples.

If you have the following general ledger:

GENERAL LEDGER							
ACCOUNT		Cash				No.	100
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Nov	1		✓			DR	6,550.00
	19		J3		35.00	DR	6,515.00
	25		J3		250.00	DR	6,265.00

Your formula will look like this.

GENERAL LEDGER							
ACCOUNT		Cash				No.	100
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Nov	1		✓			DR	6550
	19		J3		35	DR	=H5+E6-F6
	25		J3		250	DR	=H6+E7-F7

Since Cash is a debit account, the formula takes the above balance, adds the debit cell and subtracts the credit cell. This formula can then be dragged down so that you don't have to re-write the formula every time, no matter if your transaction has a debit or credit to the account. To copy the formula, drag the formula by using the black bold + sign at the bottom right-hand side of the cell.

For a credit account, you need to take the above balance, add the credit cell, and then subtract the debit cell. The formula will look like this.

GENERAL LEDGER							
ACCOUNT		Cash				No.	100
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Nov	1		✓			CR	2500
	12		J3		970	CR	=H49+F50-E50

Answer:

GENERAL JOURNAL				Page	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Jan	2	Cash	100	200.00	
		Accounts Receivable	110		200.00
	5	Cash	100	100.00	
		Lawn Maintenance Revenue	400		100.00
	8	Accounts Receivable	110	150.00	
		Lawn Maintenance Revenue	400		150.00
		Sales Invoice #BG1301—due in 30 days			
	15	Wages Expense	540	1,400.00	
		Cash	100		1,400.00
		Cheques #077 and #078			
	15	Bank Loan Payable	210	120.00	
		Cash	100		120.00
		Cheque #079			
	18	Cash	100	250.00	
		Accounts Receivable	110	500.00	
		Landscaping Revenue	410		750.00
		Sales Invoice #BG1302—due in one month			
	19	Cash	100	120.00	
		Lawn Maintenance Revenue	400		120.00
	20	Equipment	120	350.00	
		Accounts Payable	200		350.00
		Purchase Invoice #SPSE2583—due in two months			
	21	Gas Expense	510	85.00	
		Cash	100		85.00
	27	Utilities Expense	530	75.00	
		Accounts Payable	200		75.00
		Purchase Invoice #MBH5687—due in one month			

GENERAL LEDGER							
ACCOUNT		Cash			No. 100		
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jan	1		✓			DR	3,965.00
	2		J9	200.00		DR	4,165.00
	5		J9	100.00		DR	4,265.00
	15		J9		1,400.00	DR	2,865.00
	15		J9		120.00	DR	2,745.00
	18		J9	250.00		DR	2,995.00
	19		J9	120.00		DR	3,115.00
	21		J9		85.00	DR	3,030.00

GENERAL LEDGER							
ACCOUNT		Accounts Receivable			No. 110		
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jan	1		✓			DR	400.00
	2		J9		200.00	DR	200.00
	8		J9	150.00		DR	350.00
	18		J9	500.00		DR	850.00

GENERAL LEDGER							
ACCOUNT		Equipment			No. 120		
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jan	1		✓			DR	3,400.00
	20		J9	350.00		DR	3,750.00

GENERAL LEDGER							
ACCOUNT		Accounts Payable			No. 200		
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jan	1		✓			CR	1,025.00
	20		J9		350.00	CR	1,375.00
	27		J9		75.00	CR	1,450.00

GENERAL LEDGER							
ACCOUNT Bank Loan Payable						No.	210
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jan	1		✓			CR	5,000.00
	15		J9	120.00		CR	4,880.00

GENERAL LEDGER							
ACCOUNT M. Clemmons, Capital						No.	300
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jan	1		✓			CR	1,740.00

GENERAL LEDGER							
ACCOUNT M. Clemmons, Drawings						No.	310
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE

GENERAL LEDGER							
ACCOUNT Lawn Maintenance Revenue						No.	400
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jan	5		J9		100.00	CR	100.00
	8		J9		150.00	CR	250.00
	19		J9		120.00	CR	370.00

GENERAL LEDGER							
ACCOUNT Landscaping Revenue						No.	410
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jan	18		J9		750.00	CR	750.00

GENERAL LEDGER							
ACCOUNT		Advertising Expense			No. 500		
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE

GENERAL LEDGER							
ACCOUNT		Gas Expense			No. 510		
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jan	21		J9	85.00		DR	85.00

GENERAL LEDGER							
ACCOUNT		Phone Expense			No. 520		
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE

GENERAL LEDGER							
ACCOUNT		Utilities Expense			No. 530		
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jan	27		J9	75.00		DR	75.00

GENERAL LEDGER							
ACCOUNT		Wages Expense			No. 540		
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jan	15		J9	1,400.00		DR	1,400.00

- e) Create an updated Trial Balance for Blue Grass Lawn Care for the month of January. Remember, do not include accounts with zero balances.

*Answer:*

Blue Grass Lawn Care			
Trial Balance			
January 31, 20xx			
Cash	100	\$ 3,030.00	
Accounts Receivable	110	850.00	
Equipment	120	3,750.00	
Accounts Payable	200		\$ 1,450.00
Bank Loan Payable	210		4,880.00
M. Clemmons, Capital	300		1,740.00
Lawn Maintenance Revenue	400		370.00
Landscaping Revenue	410		750.00
Gas Expense	510	85.00	
Utilities Expense	530	75.00	
Wages Expense	540	1,400.00	
Totals		\$ 9,190.00	\$ 9,190.00



3. **Dr. Le Phang, Dentist**

- a) Open the file called "Mod 4 LA 4.2 DLPD."
- b) Use the following trial balance to open the general ledger for the month of July.

Dr. Le Phang, Dentist			
Trial Balance			
June 30, 20XX			
Cash	100	\$ 4,760.00	
Accounts Receivable	110	5,000.00	
Dental Supplies	120	800.00	
Equipment	130	16,000.00	
Furniture	140	5,000.00	
Building	150	45,000.00	
Land	160	25,000.00	
Accounts Payable	200		\$ 13,050.00
Bank Loan Payable	210		8,780.00
Mortgage Payable	220		49,000.00
L. Phang, Capital	300		30,730.00
Totals		\$ 101,560.00	\$ 101,560.00

- c) In addition to the accounts in the trial balance, open the following accounts (use proper account numbers):
  - L. Phang, Drawings
  - Dental Fees
  - Advertising Expense
  - Cable Expense
  - Dental Supplies Expense
  - Insurance Expense
  - Office Cleaning Expense
  - Salaries Expense
  - Telephone/Internet Expense
  - Utilities Expense
- d) Post the transactions from Learning Activity 4.1. Remember that the transactions come from page 22 of the general journal.

Answer:

GENERAL JOURNAL			Page		22
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Jul	2	Cash	100	250.00	
		Dental Fees	400		250.00
	4	Cash	100	500.00	
		Accounts Receivable	110	2,900.00	
		Dental Fees	400		3,400.00
		Sales Invoice #LP1861—due in one month			
	5	Dental Supplies	120	750.00	
		Accounts Payable	200		750.00
		Purchase Invoice #DS13498—due in one month			
	9	Utilities Expense	570	160.00	
		Cash	100		160.00
		Cheque #120			
	12	Cash	100	385.00	
		Dental Fees	400		385.00
	15	Salaries Expense	550	3,750.00	
		Cash	100		3,750.00
		Cheques #121 and #122			
	18	Cash	100	650.00	
		Accounts Receivable	110		650.00
	20	Telephone/Internet Expense	560	120.00	
		Cash	100		120.00
		Cheque #123			
	25	Accounts Receivable	110	225.00	
		Dental Fees	400		225.00
		Sales Invoice #LP1862—due in one month			
	31	L. Phang, Drawings	310	200.00	
		Cash	100		200.00
		Cheque #124			

GENERAL LEDGER						
ACCOUNT		Cash			No. 100	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Jul	1		✓			DR 4,760.00
	2		J22	250.00		DR 5,010.00
	4		J22	500.00		DR 5,510.00
	9		J22		160.00	DR 5,350.00
	12		J22	385.00		DR 5,735.00
	15		J22		3,750.00	DR 1,985.00
	18		J22	650.00		DR 2,635.00
	20		J22		120.00	DR 2,515.00
	31		J22		200.00	DR 2,315.00

GENERAL LEDGER						
ACCOUNT		Accounts Receivable			No. 110	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Jul	1		✓			DR 5,000.00
	4		J22	2,900.00		DR 7,900.00
	18		J22		650.00	DR 7,250.00
	25		J22	225.00		DR 7,475.00

GENERAL LEDGER						
ACCOUNT		Dental Supplies			No. 120	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Jul	1		✓			DR 800.00
	5		J22	750.00		DR 1,550.00

GENERAL LEDGER						
ACCOUNT		Equipment			No. 130	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Jul	1		✓			DR 16,000.00

GENERAL LEDGER							
ACCOUNT Furniture					No.	140	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jul	1		✓			DR	5,000.00

GENERAL LEDGER							
ACCOUNT Building					No.	150	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jul	1		✓			DR	45,000.00

GENERAL LEDGER							
ACCOUNT Land					No.	160	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jul	1		✓			DR	25,000.00

GENERAL LEDGER							
ACCOUNT Accounts Payable					No.	200	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jul	1		✓			CR	13,050.00
	5		J22		750.00	CR	13,800.00

GENERAL LEDGER							
ACCOUNT Bank Loan Payable					No.	210	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jul	1		✓			CR	8,780.00

GENERAL LEDGER						
ACCOUNT		Mortgage Payable			No. 220	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Jul	1		✓			49,000.00

GENERAL LEDGER						
ACCOUNT		L. Phang, Capital			No. 300	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Jul	1		✓			30,730.00

GENERAL LEDGER						
ACCOUNT		L. Phang, Drawings			No. 310	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Jul	31		J22	200.00		200.00

GENERAL LEDGER						
ACCOUNT		Dental Fees			No. 400	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Jul	2		J22		250.00	250.00
	4		J22		3,400.00	3,650.00
	12		J22		385.00	4,035.00
	25		J22		225.00	4,260.00

GENERAL LEDGER						
ACCOUNT		Advertising Expense			No. 500	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE

GENERAL LEDGER								
ACCOUNT		Cable Expense				No.	510	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE	

GENERAL LEDGER								
ACCOUNT		Dental Supplies Expense				No.	520	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE	

GENERAL LEDGER								
ACCOUNT		Insurance Expense				No.	530	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE	

GENERAL LEDGER								
ACCOUNT		Office Cleaning Expense				No.	540	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE	

GENERAL LEDGER								
ACCOUNT		Salaries Expense				No.	550	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE	
20xx								
Jul	15		J22	3,750.00		DR	3,750.00	

GENERAL LEDGER						
ACCOUNT		Telephone/Internet Expense			No. 560	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Jul	20		J22	120.00		DR 120.00

GENERAL LEDGER						
ACCOUNT		Utilities Expense			No. 570	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Jul	9		J22	160.00		DR 160.00

- e) Create an updated Trial Balance for Dr. Le Phang, Dentist for the month of July. Remember, do not include accounts with zero balances.

*Answer:*

Dr. Le Phang, Dentist			
Trial Balance			
July 31, 20xx			
Cash	100	\$	2,315.00
Accounts Receivable	110		7,475.00
Dental Supplies	120		1,550.00
Equipment	130		16,000.00
Furniture	140		5,000.00
Building	150		45,000.00
Land	160		25,000.00
Accounts Payable	200		\$ 13,800.00
Bank Loan Payable	210		8,780.00
Mortgage Payable	220		49,000.00
L. Phang, Capital	300		30,730.00
L. Phang, Drawings	310		200.00
Dental Fees	400		4,260.00
Salaries Expense	550		3,750.00
Telephone/Internet Expense	560		120.00
Utilities Expense	570		160.00
Totals		\$	106,570.00
		\$	106,570.00

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## Notes



## MODULE 4 SUMMARY

Congratulations on completing Module 4! You now know how to record transactions into the general journal, how to post to the general ledger, and how to complete an updated trial balance.

In Module 5, you will learn about subsidiary ledgers, which allow a business to keep better track of their accounts receivable and accounts payable.



### Submitting Your Assignments

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It is now time for you to submit Assignment 4.1 to the Distance Learning Unit so that you can receive some feedback on how you are doing in this course. Remember that you must submit all the assignments in this course before you can receive your credit.

Make sure you have completed all parts of your Module 4 assignment and organize your material in the following order:

- Module 4 Cover Sheet (found at the end of the course Introduction)
- Assignment 4.1
  - Excel File “Mod 4 A1”
    - General Ledger Entries
    - Trial Balance

For instructions on submitting your assignment, refer to How to Submit Assignments in the course introduction.

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## Midterm Examination



Congratulations, you have finished the fourth module in the course. The midterm examination is out of 100 marks and worth 25% of your final mark. In order to do well on this examination, you should review all of your learning activities and assignments from Modules 1 to 4.

You will complete this examination while being supervised by a proctor. You should already have made arrangements to have the examination sent to the proctor from the Distance Learning Unit. If you have not yet made arrangements to write it, then do so now. The instructions for doing so are provided in the Introduction to this module.

You will need to bring the following items to the examination: pens/pencils and scrap paper. A maximum of 2.5 hours is available to complete your midterm examination. When you have completed it, the proctor will then forward it for assessment. Good luck!

### How to Study for Your Midterm Examination

To do well on your midterm examination, you should review all the work you have completed in Modules 1 to 4, including all learning activities and assignments.

The questions on the midterm examination are set up exactly like the learning activities and the assignments. In other words, you will be asked to do the same kinds of things three separate times—on the learning activities, on the assignments, and on the midterm examination. The final examination is also set up the same way.



GRADE 11 ACCOUNTING  
ESSENTIALS (30S)

Module 4  
Journals and Ledgers—  
Keeping Track of It All

Learning Activity Answer Key



# MODULE 4: JOURNALS AND LEDGERS— KEEPING TRACK OF IT ALL

## Learning Activity 4.1

### 1. Clean Sweep Janitorial Services

- a) Open the file called “Mod 4 LA 4.1 CSJS.”
- b) Record the opening entry for Clean Sweep Janitorial Services for February 1, 20XX.

Cash	8,000
Supplies	200
Office Equipment	3,000
Cleaning Equipment	8,300
Vans	25,000
Building	85,000
Land	35,000
Bank Loan Payable	14,500
Mortgage Payable	80,000
W. Mopps, Capital	70,000


*Answer:*

GENERAL JOURNAL			Page		1
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20XX					
Feb	1	Cash		8,000.00	
		Supplies		200.00	
		Office Equipment		3,000.00	
		Cleaning Equipment		8,300.00	
		Vans		25,000.00	
		Building		85,000.00	
		Land		35,000.00	
		Bank Loan Payable			14,500.00
		Mortgage Payable			80,000.00
		W. Mopps, Capital			70,000.00
		To open the books of Clean Sweep Janitorial Services			

## 2. Blue Grass Lawn Care

- a) Open the file called “Mod 4 LA 4.1 BGLC.”
- b) Journalize the following business transactions (starting on page 9):
  - i) Jan. 2—Blue Grass Lawn Care received \$200 cash from a client for previous landscaping work.
  - ii) Jan. 5—Blue Grass Lawn Care provided snow removal for a client (Lawn Maintenance) in the amount of \$100. Client paid cash.
  - iii) Jan. 8—Blue Grass Lawn Care provided snow removal for a client (Lawn Maintenance) in the amount of \$150. Customer has 30 days to pay. Sales invoice #BGL1301.
  - iv) Jan. 15—Blue Grass Lawn Care paid wages in the amount of \$1,400. (Paid two employees \$700 each.) Cheques #077 and #078.
  - v) Jan. 15—Blue Grass Lawn Care made a payment on their bank loan in the amount of \$120, paid by cheque #079.
  - vi) Jan. 18—Blue Grass Lawn Care provided plants and flowers for a new office building downtown (Landscaping) in the amount of \$750. \$250 was paid in cash, the remainder is due in one month. Sales invoice #BGL1302.
  - vii) Jan. 19—Blue Grass Lawn Care provided snow removal for a client (Lawn Maintenance) in the amount of \$120. Customer paid cash.
  - viii) Jan. 20—Blue Grass Lawn Care bought a new snow blower for \$350 from a supplier. The amount is due in two months. Purchase invoice #SPSE2583.
  - ix) Jan. 21—Blue Grass Lawn Care purchased \$85 worth of gas for their snow blower. Paid in cash.
  - x) Jan. 27—Blue Grass Lawn Care received the utilities bill in the amount of \$75. The bill is due in one month. Purchase invoice #MBH5687.

### EXCEL HINT:

To indent the credit account names, click on the cell you want to indent, then click three times on  in the Alignment section of the Home tab.

Answer:

GENERAL JOURNAL			Page	9	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Jan	2	Cash		200.00	
		Accounts Receivable			200.00
	5	Cash		100.00	
		Lawn Maintenance Revenue			100.00
	8	Accounts Receivable		150.00	
		Lawn Maintenance Revenue			150.00
		Sales Invoice #BG1301—due in 30 days			
	15	Wages Expense		1,400.00	
		Cash			1,400.00
		Cheques #077 and #078			
	15	Bank Loan Payable		120.00	
		Cash			120.00
		Cheque #079			
	18	Cash		250.00	
		Accounts Receivable		500.00	
		Landscaping Revenue			750.00
		Sales Invoice #BG1302—due in one month			
	19	Cash		120.00	
		Lawn Maintenance Revenue			120.00
	20	Equipment		350.00	
		Accounts Payable			350.00
		Purchase Invoice #SPSE2583—due in two months			
	21	Gas Expense		85.00	
		Cash			85.00
	27	Utilities Expense		75.00	
		Accounts Payable			75.00
		Purchase Invoice #MBH5687—due in one month			

### 3. Dr. Le Phang, Dentist

- a) Open the file called “Mod 4 LA 4.1 DLPD.”
- b) Journalize the following business transactions (starting on page 22):
  - i) Jul. 2—Dr. Phang charged \$250 for dental fees. The client paid in cash.
  - ii) Jul. 4—Dr. Phang charged \$3,400 for dental fees. The client paid \$500 in cash, the remainder is due in one month. Sales invoice #LP1861.
  - iii) Jul. 5—Dr. Phang bought more dental supplies in the amount of \$750. The amount is due in one month. Purchase invoice #DSI3498.
  - iv) Jul. 9—Dr. Phang paid the current utilities bill in the amount of \$160. Cheque #120.
  - v) Jul. 12—Dr. Phang charged \$385 for dental fees. The client paid cash.
  - vi) Jul. 15—Dr. Phang paid \$3,750 in salaries. (Two employees \$1,875 each.) Cheques #121 and #122.
  - vii) Jul. 18—Dr. Phang received \$650 from a client for previous dental work.
  - viii) Jul. 20—Dr. Phang paid the telephone/Internet bill worth \$120. Cheque # 123.
  - ix) Jul. 25—Dr. Phang charged \$225 for dental fees. The amount is due in one month. Sales invoice #LP1862.
  - x) Jul. 31—Dr. Phang withdrew \$200 for personal use. Cheque #124



Answer:

GENERAL JOURNAL			Page	22	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Jul	2	Cash		250.00	
		Dental Fees			250.00
	4	Cash		500.00	
		Accounts Receivable		2,900.00	
		Dental Fees			3,400.00
		Sales Invoice #LP1861—due in one month			
	5	Dental Supplies		750.00	
		Accounts Payable			750.00
		Purchase Invoice #DS13498—due in one month			
	9	Utilities Expense		160.00	
		Cash			160.00
		Cheque #120			
	12	Cash		385.00	
		Dental Fees			385.00
	15	Salaries Expense		3,750.00	
		Cash			3,750.00
		Cheques #121 and #122			
	18	Cash		650.00	
		Accounts Receivable			650.00
	20	Telephone/Internet Expense		120.00	
		Cash			120.00
		Cheque #123			
	25	Accounts Receivable		225.00	
		Dental Fees			225.00
		Sales Invoice #LP1862—due in one month			
	31	L. Phang, Drawings		200.00	
		Cash			200.00
		Cheque #124			

## Learning Activity 4.2

### 1. Clean Sweep Janitorial Services

- a) Open the file called “Mod 4 LA 4.2 CSJS.”
- b) Open the following accounts in the general ledger. Use February 1 for the date.

Cash	100
Supplies	110
Office Equipment	120
Cleaning Equipment	130
Vans	140
Building	150
Land	160
Bank Loan Payable	200
Mortgage Payable	210
W. Mopps, Capital	300

- c) Open the file “Mod 4 LA 4.1 CSJS” you used for Learning Activity 4.1. Post the opening entry from Learning Activity 4.1 to the general ledger.

#### **EXCEL HINT:**

To insert a check mark (✓) in a cell, do the following:

- a) Click on the “Insert” tab.
- b) Click on the “Symbol” button, and select the check mark.
- c) If you don’t see the check mark, look for “More Symbols,” make sure the font is set to “Wingdings.” In the “Character Code” box type “252.” From this point forward the check mark should show as a recently used symbol, when you click on “Symbol.”

Answer:

GENERAL JOURNAL				Page		1
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	
20xx						
Feb	1	Cash	100	8,000.00		
		Supplies	110	200.00		
		Office Equipment	120	3,000.00		
		Cleaning Equipment	130	8,300.00		
		Vans	140	25,000.00		
		Building	150	85,000.00		
		Land	160	35,000.00		
		Bank Loan Payable	200		14,500.00	
		Mortgage Payable	210		80,000.00	
		W. Mopps, Capital	300		70,000.00	
		To open the books of Clean Sweep Janitorial Services				

GENERAL LEDGER							
ACCOUNT	Cash					No.	100
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Feb	1		✓			DR	8,000.00

GENERAL LEDGER							
ACCOUNT	Supplies					No.	110
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Feb	1		✓			DR	200.00

GENERAL LEDGER							
ACCOUNT	Office Equipment					No.	120
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Feb	1		✓			DR	3,000.00

GENERAL LEDGER							
ACCOUNT Cleaning Equipment					No.	130	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Feb	1		✓			DR	8,300.00

GENERAL LEDGER							
ACCOUNT Vans					No.	140	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Feb	1		✓			DR	25,000.00

GENERAL LEDGER							
ACCOUNT Building					No.	150	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Feb	1		✓			DR	85,000.00

GENERAL LEDGER							
ACCOUNT Land					No.	160	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Feb	1		✓			DR	35,000.00

GENERAL LEDGER							
ACCOUNT Bank Loan Payable					No.	200	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Feb	1		✓			CR	14,500.00

GENERAL LEDGER						
ACCOUNT		Mortgage Payable			No. 210	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Feb	1		✓			80,000.00

GENERAL LEDGER						
ACCOUNT		W. Mopps, Capital			No. 300	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Feb	1		✓			70,000.00

## 2. Blue Grass Lawn Care

- a) Open the file called "Mod 4 LA 4.2 BGLC."
- b) Use the following trial balance to open the general ledger for the month of January.

Blue Grass Lawn Care			
Trial Balance			
December 31, 20XX			
Cash	100	\$ 3,965.00	
Accounts Receivable	110	400.00	
Equipment	120	3,400.00	
Accounts Payable	200		\$ 1,025.00
Bank Loan Payable	210		5,000.00
M. Clemmons, Capital	300		1,740.00
Totals		\$ 7,765.00	\$ 7,765.00

- c) In addition to the accounts in the trial balance, open the following accounts (use proper account numbers):
  - M. Clemmons, Drawings
  - Lawn Maintenance Revenue
  - Landscaping Revenue
  - Advertising Expense
  - Gas Expense
  - Phone Expense
  - Utilities Expense
  - Wages Expense
- d) Post the transactions from Learning Activity 4.1. Remember that the transactions come from page nine of the general journal.

### EXCEL HINT:

Let Excel do the work for you. When calculating new balances for debit accounts, use a formula that takes the previous balance, adds any new debit amounts, and subtracts any new credit amounts. Credit accounts should have a formula that takes the previous balance, adds new credit amounts, and subtracts new debit amounts. See the following examples.

If you have the following general ledger:

GENERAL LEDGER							
ACCOUNT		Cash				No.	100
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Nov	1		✓			DR	6,550.00
	19		J3		35.00	DR	6,515.00
	25		J3		250.00	DR	6,265.00

Your formula will look like this.

GENERAL LEDGER							
ACCOUNT		Cash				No.	100
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Nov	1		✓			DR	6550
	19		J3		35	DR	=H5+E6-F6
	25		J3		250	DR	=H6+E7-F7

Since Cash is a debit account, the formula takes the above balance, adds the debit cell and subtracts the credit cell. This formula can then be dragged down so that you don't have to re-write the formula every time, no matter if your transaction has a debit or credit to the account. To copy the formula, drag the formula by using the black bold + sign at the bottom right-hand side of the cell.

For a credit account, you need to take the above balance, add the credit cell, and then subtract the debit cell. The formula will look like this.

GENERAL LEDGER							
ACCOUNT		Cash				No.	100
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Nov	1		✓			CR	2500
	12		J3		970	CR	=H49+F50-E50

Answer:

GENERAL JOURNAL				Page		9
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	
20xx						
Jan	2	Cash	100	200.00		
		Accounts Receivable	110		200.00	
	5	Cash	100	100.00		
		Lawn Maintenance Revenue	400		100.00	
	8	Accounts Receivable	110	150.00		
		Lawn Maintenance Revenue	400		150.00	
		Sales Invoice #BG1301—due in 30 days				
	15	Wages Expense	540	1,400.00		
		Cash	100		1,400.00	
		Cheques #077 and #078				
	15	Bank Loan Payable	210	120.00		
		Cash	100		120.00	
		Cheque #079				
	18	Cash	100	250.00		
		Accounts Receivable	110	500.00		
		Landscaping Revenue	410		750.00	
		Sales Invoice #BG1302—due in one month				
	19	Cash	100	120.00		
		Lawn Maintenance Revenue	400		120.00	
	20	Equipment	120	350.00		
		Accounts Payable	200		350.00	
		Purchase Invoice #SPSE2583—due in two months				
	21	Gas Expense	510	85.00		
		Cash	100		85.00	
	27	Utilities Expense	530	75.00		
		Accounts Payable	200		75.00	
		Purchase Invoice #MBH5687—due in one month				



GENERAL LEDGER						
ACCOUNT		Cash			No. 100	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Jan	1		✓			DR 3,965.00
	2		J9	200.00		DR 4,165.00
	5		J9	100.00		DR 4,265.00
	15		J9		1,400.00	DR 2,865.00
	15		J9		120.00	DR 2,745.00
	18		J9	250.00		DR 2,995.00
	19		J9	120.00		DR 3,115.00
	21		J9		85.00	DR 3,030.00

GENERAL LEDGER						
ACCOUNT		Accounts Receivable			No. 110	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Jan	1		✓			DR 400.00
	2		J9		200.00	DR 200.00
	8		J9	150.00		DR 350.00
	18		J9	500.00		DR 850.00

GENERAL LEDGER						
ACCOUNT		Equipment			No. 120	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Jan	1		✓			DR 3,400.00
	20		J9	350.00		DR 3,750.00

GENERAL LEDGER						
ACCOUNT		Accounts Payable			No. 200	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Jan	1		✓			CR 1,025.00
	20		J9		350.00	CR 1,375.00
	27		J9		75.00	CR 1,450.00

GENERAL LEDGER							
ACCOUNT Bank Loan Payable					No.	210	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jan	1		✓			CR	5,000.00
	15		J9	120.00		CR	4,880.00

GENERAL LEDGER							
ACCOUNT M. Clemmons, Capital					No.	300	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jan	1		✓			CR	1,740.00

GENERAL LEDGER							
ACCOUNT M. Clemmons, Drawings					No.	310	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE

GENERAL LEDGER							
ACCOUNT Lawn Maintenance Revenue					No.	400	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jan	5		J9		100.00	CR	100.00
	8		J9		150.00	CR	250.00
	19		J9		120.00	CR	370.00

GENERAL LEDGER							
ACCOUNT Landscaping Revenue					No.	410	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jan	18		J9		750.00	CR	750.00

GENERAL LEDGER							
ACCOUNT		Advertising Expense			No. 500		
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE

GENERAL LEDGER							
ACCOUNT		Gas Expense			No. 510		
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jan	21		J9	85.00		DR	85.00

GENERAL LEDGER							
ACCOUNT		Phone Expense			No. 520		
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE

GENERAL LEDGER							
ACCOUNT		Utilities Expense			No. 530		
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jan	27		J9	75.00		DR	75.00

GENERAL LEDGER							
ACCOUNT		Wages Expense			No. 540		
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jan	15		J9	1,400.00		DR	1,400.00

- e) Create an updated Trial Balance for Blue Grass Lawn Care for the month of January. Remember, do not include accounts with zero balances.

*Answer:*

Blue Grass Lawn Care			
Trial Balance			
January 31, 20xx			
Cash	100	\$ 3,030.00	
Accounts Receivable	110	850.00	
Equipment	120	3,750.00	
Accounts Payable	200		\$ 1,450.00
Bank Loan Payable	210		4,880.00
M. Clemmons, Capital	300		1,740.00
Lawn Maintenance Revenue	400		370.00
Landscaping Revenue	410		750.00
Gas Expense	510	85.00	
Utilities Expense	530	75.00	
Wages Expense	540	1,400.00	
Totals		\$ 9,190.00	\$ 9,190.00

3. **Dr. Le Phang, Dentist**

- a) Open the file called "Mod 4 LA 4.2 DLPD."
- b) Use the following trial balance to open the general ledger for the month of July.

Dr. Le Phang, Dentist			
Trial Balance			
June 30, 20XX			
Cash	100	\$ 4,760.00	
Accounts Receivable	110	5,000.00	
Dental Supplies	120	800.00	
Equipment	130	16,000.00	
Furniture	140	5,000.00	
Building	150	45,000.00	
Land	160	25,000.00	
Accounts Payable	200		\$ 13,050.00
Bank Loan Payable	210		8,780.00
Mortgage Payable	220		49,000.00
L. Phang, Capital	300		30,730.00
Totals		\$ 101,560.00	\$ 101,560.00

- c) In addition to the accounts in the trial balance, open the following accounts (use proper account numbers):
  - L. Phang, Drawings
  - Dental Fees
  - Advertising Expense
  - Cable Expense
  - Dental Supplies Expense
  - Insurance Expense
  - Office Cleaning Expense
  - Salaries Expense
  - Telephone/Internet Expense
  - Utilities Expense
- d) Post the transactions from Learning Activity 4.1. Remember that the transactions come from page 22 of the general journal.

Answer:

GENERAL JOURNAL			Page		22
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Jul	2	Cash	100	250.00	
		Dental Fees	400		250.00
	4	Cash	100	500.00	
		Accounts Receivable	110	2,900.00	
		Dental Fees	400		3,400.00
		Sales Invoice #LP1861—due in one month			
	5	Dental Supplies	120	750.00	
		Accounts Payable	200		750.00
		Purchase Invoice #DS13498—due in one month			
	9	Utilities Expense	570	160.00	
		Cash	100		160.00
		Cheque #120			
	12	Cash	100	385.00	
		Dental Fees	400		385.00
	15	Salaries Expense	550	3,750.00	
		Cash	100		3,750.00
		Cheques #121 and #122			
	18	Cash	100	650.00	
		Accounts Receivable	110		650.00
	20	Telephone/Internet Expense	560	120.00	
		Cash	100		120.00
		Cheque #123			
	25	Accounts Receivable	110	225.00	
		Dental Fees	400		225.00
		Sales Invoice #LP1862—due in one month			
	31	L. Phang, Drawings	310	200.00	
		Cash	100		200.00
		Cheque #124			

GENERAL LEDGER						
ACCOUNT		Cash			No. 100	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Jul	1		✓			DR 4,760.00
	2		J22	250.00		DR 5,010.00
	4		J22	500.00		DR 5,510.00
	9		J22		160.00	DR 5,350.00
	12		J22	385.00		DR 5,735.00
	15		J22		3,750.00	DR 1,985.00
	18		J22	650.00		DR 2,635.00
	20		J22		120.00	DR 2,515.00
	31		J22		200.00	DR 2,315.00

GENERAL LEDGER						
ACCOUNT		Accounts Receivable			No. 110	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Jul	1		✓			DR 5,000.00
	4		J22	2,900.00		DR 7,900.00
	18		J22		650.00	DR 7,250.00
	25		J22	225.00		DR 7,475.00

GENERAL LEDGER						
ACCOUNT		Dental Supplies			No. 120	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Jul	1		✓			DR 800.00
	5		J22	750.00		DR 1,550.00

GENERAL LEDGER						
ACCOUNT		Equipment			No. 130	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Jul	1		✓			DR 16,000.00

GENERAL LEDGER							
ACCOUNT Furniture					No.	140	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jul	1		✓			DR	5,000.00

GENERAL LEDGER							
ACCOUNT Building					No.	150	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jul	1		✓			DR	45,000.00

GENERAL LEDGER							
ACCOUNT Land					No.	160	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jul	1		✓			DR	25,000.00

GENERAL LEDGER							
ACCOUNT Accounts Payable					No.	200	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jul	1		✓			CR	13,050.00
	5		J22		750.00	CR	13,800.00

GENERAL LEDGER							
ACCOUNT Bank Loan Payable					No.	210	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jul	1		✓			CR	8,780.00



GENERAL LEDGER						
ACCOUNT		Mortgage Payable			No. 220	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Jul	1		✓			49,000.00

GENERAL LEDGER						
ACCOUNT		L. Phang, Capital			No. 300	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Jul	1		✓			30,730.00

GENERAL LEDGER						
ACCOUNT		L. Phang, Drawings			No. 310	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Jul	31		J22	200.00		200.00

GENERAL LEDGER						
ACCOUNT		Dental Fees			No. 400	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Jul	2		J22		250.00	250.00
	4		J22		3,400.00	3,650.00
	12		J22		385.00	4,035.00
	25		J22		225.00	4,260.00

GENERAL LEDGER						
ACCOUNT		Advertising Expense			No. 500	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE

GENERAL LEDGER								
ACCOUNT		Cable Expense				No.	510	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE	

GENERAL LEDGER								
ACCOUNT		Dental Supplies Expense				No.	520	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE	

GENERAL LEDGER								
ACCOUNT		Insurance Expense				No.	530	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE	

GENERAL LEDGER								
ACCOUNT		Office Cleaning Expense				No.	540	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE	

GENERAL LEDGER								
ACCOUNT		Salaries Expense				No.	550	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE	
20xx								
Jul	15		J22	3,750.00		DR	3,750.00	

GENERAL LEDGER						
ACCOUNT		Telephone/Internet Expense			No. 560	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Jul	20		J22	120.00		DR 120.00

GENERAL LEDGER						
ACCOUNT		Utilities Expense			No. 570	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Jul	9		J22	160.00		DR 160.00

- e) Create an updated Trial Balance for Dr. Le Phang, Dentist for the month of July. Remember, do not include accounts with zero balances.

*Answer:*

Dr. Le Phang, Dentist			
Trial Balance			
July 31, 20xx			
Cash	100	\$	2,315.00
Accounts Receivable	110		7,475.00
Dental Supplies	120		1,550.00
Equipment	130		16,000.00
Furniture	140		5,000.00
Building	150		45,000.00
Land	160		25,000.00
Accounts Payable	200		\$ 13,800.00
Bank Loan Payable	210		8,780.00
Mortgage Payable	220		49,000.00
L. Phang, Capital	300		30,730.00
L. Phang, Drawings	310		200.00
Dental Fees	400		4,260.00
Salaries Expense	550		3,750.00
Telephone/Internet Expense	560		120.00
Utilities Expense	570		160.00
Totals		\$	106,570.00
		\$	106,570.00

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## Notes

## **Supporting Videos for Grade 11 Accounting**

### Module 4

1. [Video - How to Make a Journal Entry](#)
2. [Video - How to Post to The General Ledger](#)
3. [Video - Journal Entry Examples \(Simple\)](#)



GRADE 11 ACCOUNTING  
ESSENTIALS (30S)

Module 5  
Subsidiary Ledgers



# MODULE 5: SUBSIDIARY LEDGERS

## Introduction

In Module 4, you learned how to record transactions in the general journal. You then posted those transactions to the general ledger, therefore making the T-account process inefficient.

Module 5 will introduce you to the subsidiary ledgers. When a business has many accounts that are similar, they are kept in a subsidiary ledger.

There are learning activities at the end of each lesson. The learning activities will help you prepare for the assignment. Remember, every module builds on the last, so it is important that you understand the previous concepts before moving on.

## Assignments in Module 5

When you have completed the assignment for Module 5, submit your completed assignment to the Distance Learning Unit either by mail or electronically through the learning management system (LMS). The staff will forward your work to your tutor/marker.

Lesson	Assignment	Marks
2	Assignment 5.1	45



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## Notes

# LESSON 1: WORKING WITH SUBSIDIARY LEDGERS

## Lesson Focus

By the end of this lesson, you should be able to

- identify the need for and the purpose of subsidiary ledgers
- post transactions using subsidiary ledgers

## Introduction

The general ledger encompasses all accounts; however, its use is problematic when the business has many customers who owe money (accounts receivable) and many suppliers to whom the business owes money (accounts payable).

When businesses have many customers and suppliers, they need to refer to them by name so that payments do not get mixed up.

## Subsidiary Ledgers

Look at the following trial balance.

Strong Arm Fitness			
Trial Balance			
December 31, 2015			
Cash	100	\$ 12,600.00	
Accounts Receivable—H. Andersson	110	600.00	
Accounts Receivable—R. Bautista	111	120.00	
Accounts Receivable—M. Boulanger	112	80.00	
Accounts Receivable—M. Letellier	113	60.00	
Accounts Receivable—R. Lopes	114	640.00	
Accounts Receivable—J. O'Donnell	115	600.00	
Accounts Receivable—B. Patel	116	120.00	
Accounts Receivable—W. Spence	117	480.00	
Equipment	120	67,000.00	
Furniture	130	43,000.00	
Building	140	150,000.00	
Land	150	100,000.00	
Accounts Payable—Gold's Fitness	200		\$ 3,200.00
Accounts Payable—NMB Marketing	201		620.00
Accounts Payable—Paper Clips	202		250.00
Accounts Payable—Sam's Computers	210		8,400.00
Bank Loan Payable	290		24,000.00
Mortgage Payable	295		168,500.00
J. Koe, Capital	300		170,330.00
Totals		\$ 375,300.00	\$ 375,300.00

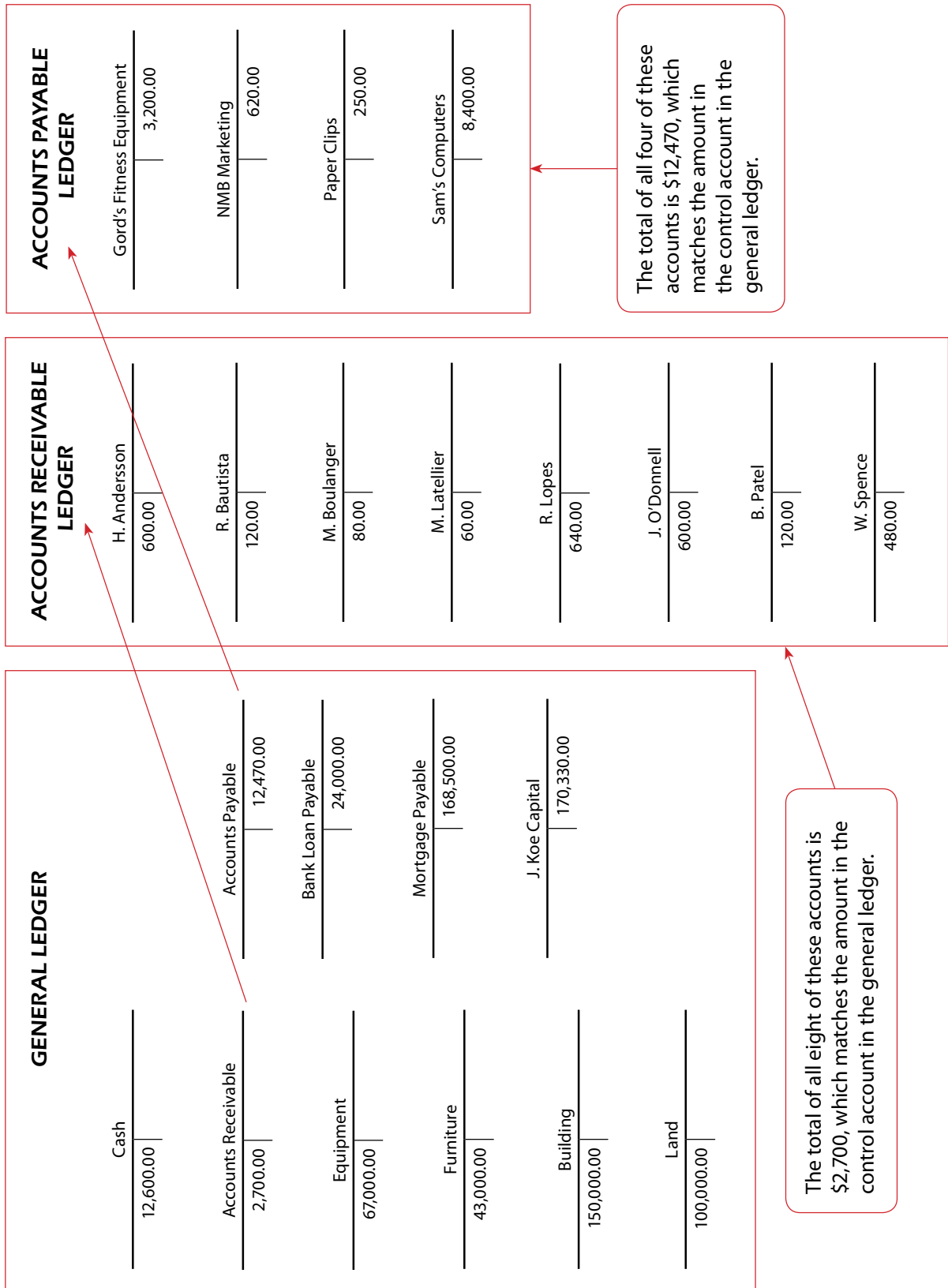


This trial balance shows eight clients and four suppliers. Imagine if there were hundreds. The trial balance would be huge! In addition, by opening accounts in the general ledger for hundreds of customers and suppliers, the ledger would become extremely large. As a result, businesses use **subsidiary ledgers** (a group of similar accounts) to keep track of customers and suppliers: the **Accounts Receivable Subsidiary Ledger** (for keeping track of customers) and the **Accounts Payable Subsidiary Ledger** (for keeping track of suppliers)



The general ledger will still have an accounts receivable account and an accounts payable account. These are now known as the **control accounts**. **The Accounts Receivable control account in the general ledger must always equal the balance of all customer accounts added together. The Accounts Payable control account must always equal the balance of all suppliers added together.**

Look at the following image; it may help make more sense of this concept.



## Accounts Receivable Subsidiary Ledger

The following is the Accounts Receivable Subsidiary Ledger for Strong Arm Fitness. Notice that it looks almost identical to the the general ledger. One main difference is that customer accounts do not have account numbers assigned to them. Instead, customers are listed in alphabetical order by last name

ACCOUNTS RECEIVABLE SUBSIDIARY LEDGER						
ACCOUNT H. Andersson						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015						
Dec	1	J10	720.00		DR	720.00
	15	J10		60.00	DR	660.00
	31	J10		60.00	DR	600.00

ACCOUNTS RECEIVABLE SUBSIDIARY LEDGER						
ACCOUNT R. Bautista						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015						
Dec	1	✓			DR	240.00
	15	J10		60.00	DR	180.00
	31	J10		60.00	DR	120.00

ACCOUNTS RECEIVABLE SUBSIDIARY LEDGER						
ACCOUNT M. Boulanger						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015						
Dec	1	✓			DR	75.00
	8	J10	55.00		DR	130.00
	31	J10		50.00	DR	80.00

ACCOUNTS RECEIVABLE SUBSIDIARY LEDGER							
ACCOUNT M. Latellier							
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Dec	1		✓			DR	180.00
	15		J10		60.00	DR	120.00
	31		J10		60.00	DR	60.00

ACCOUNTS RECEIVABLE SUBSIDIARY LEDGER							
ACCOUNT R. Lopes							
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Dec	1		J10	720.00		DR	720.00
	2		J10	45.00		DR	765.00
	15		J10		60.00	DR	705.00
	19		J10	55.00		DR	760.00
	31		J10		120.00	DR	640.00

ACCOUNTS RECEIVABLE SUBSIDIARY LEDGER							
ACCOUNT J. O'Donnell							
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Dec	1		J10	720.00		DR	720.00
	15		J10		60.00	DR	660.00
	31		J10		60.00	DR	600.00

ACCOUNTS RECEIVABLE SUBSIDIARY LEDGER							
ACCOUNT B. Patel							
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Dec	1		J10	180.00		DR	180.00
	15		J10		60.00	DR	120.00

ACCOUNTS RECEIVABLE SUBSIDIARY LEDGER							
ACCOUNT W. Spence							
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Dec	1		✓			DR	600.00
	15		J10		60.00	DR	540.00
	31		J10		60.00	DR	480.00

## Posting Using the Accounts Receivable Subsidiary Ledger

When posting with subsidiary ledgers, two postings are required.

1. One to the control account in the general ledger
2. One to the individual account in the subsidiary ledger

This is so that the Accounts Receivable control account is always equal to the balance of the subsidiary ledger.

Follow similar steps as you did when posting transactions in Module 4.

Step 1: Locate the first accounts receivable entry in the **general journal**.

GENERAL JOURNAL					Page	10
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	
2015						
Dec	1	Accounts Receivable—H. Andersson		720.00		
		Membership Revenue			720.00	
		Sales Invoice #SA154				

General  
Journal  
Entry

From now on, you must always include the customer name in the journal entry.



**Note:** The following steps will only show what to do for the accounts receivable part of the transaction, since you already know how to post other transactions.

Step 2: Post the accounts receivable entry from the general journal to the general ledger. In the **general ledger**

- Record the date in the DATE column.
- Enter "J10" in the P.R. column. This indicates the information came from the general journal page 10.
- Enter the amount in the DEBIT column.
- Calculate the balance.
- Write "DR" in the DR/CR column, since assets should have a debit balance.

GENERAL LEDGER						
ACCOUNT		Accounts Receivable			No. 110	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
2015						
Dec	1		✓			8,700.00
	1		J10	720.00		9,420.00

a) Record the date. Since the month is the same as the line above, only the day is needed.

b) Record "J10" to show the transaction came from page ten in the general journal.

c) Record the amount.

e) Write "DR" to show the new balance is still a debit amount.

d) Calculate the new balance.

Step 3: Return to the **general journal**. In the PR column insert the account number of the general ledger account where you just recorded the entry.

GENERAL JOURNAL					Page 10
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
2015					
Dec	1	Accounts Receivable—H. Andersson	110	720.00	
		Membership Revenue			720.00
		Sales invoice #SA154			



Step 4: Post the accounts receivable entry from the general journal to H. Andersson’s account. In the **accounts receivable subsidiary ledger**

- Record the date in the DATE column.
- Enter “J10” in the P.R. column. This indicates the info came from the general journal page ten.
- Enter the amount in the DEBIT column.
- Calculate the balance.
- Write “DR” in the DR/CR column because assets should have a debit balance.

ACCOUNTS RECEIVABLE SUBSIDIARY LEDGER						
ACCOUNT H. Andersson						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015						
Dec	1	J10	720.00		DR	720.00

Step 5: Return to the **general journal**. In the PR column insert a forward slash and a checkmark next to the account number to show you posted to the subsidiary ledger—H. Andersson.

GENERAL JOURNAL					Page	10
DATE	PARTICULARS	P.R.	DEBIT	CREDIT		
2015						
Dec	1	110/✓	720.00			
	Membership Revenue					720.00
	Sales invoice #SA154					

Step 6: Repeat the posting procedure for each accounts receivable journal entry in the same manner.

The images from the steps you just completed are shown again here so that you can see them together.

GENERAL JOURNAL				Page	10
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
2015					
Dec	1	Accounts Receivable—H. Andersson	110/✓	720.00	
		Membership Revenue	420		720.00
		Sales invoice #SA154			

GENERAL LEDGER							
ACCOUNT	Accounts Receivable					No.	110
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Dec	1		✓			DR	8,700.00
	1		J10	720.00		DR	9,420.00

ACCOUNTS RECEIVABLE SUBSIDIARY LEDGER							
ACCOUNT	H. Andersson						
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Dec	1		J10	720.00		DR	720.00

As was previously mentioned, the general journal accounts receivable entry must be posted twice: once to the general ledger accounts receivable control account, and once to the H. Andersson account in the accounts receivable subsidiary ledger. This means that Accounts Receivable Control is up to date, and H. Andersson's account is also up to date.

In the general journal the "110" shows the transaction was recorded in the general ledger, while the "✓" shows the transaction was recorded in the accounts receivable subsidiary ledger.

## Accounts Payable Subsidiary Ledger

The following is the Accounts Payable Subsidiary Ledger for Strong Arm Fitness. The suppliers are listed in alphabetical order by the first letter of the company name.



ACCOUNTS PAYABLE SUBSIDIARY LEDGER						
ACCOUNT Electric World						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015						
Dec	15	J11		180.00	CR	180.00
	31	J11	180.00			—

ACCOUNTS PAYABLE SUBSIDIARY LEDGER						
ACCOUNT Gold's Fitness Equipment						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015						
Dec	1	✓			CR	2,500.00
	8	J11		1,500.00	CR	4,000.00
	31	J11	800.00		CR	3,200.00

ACCOUNTS PAYABLE SUBSIDIARY LEDGER						
ACCOUNT NMB Marketing						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015						
Dec	1	✓			CR	320.00
	10	J11		300.00	CR	620.00

ACCOUNTS PAYABLE SUBSIDIARY LEDGER						
ACCOUNT Paper Clips						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015						
Dec	15	J11		125.00	CR	125.00
	31	J11		125.00	CR	250.00

ACCOUNTS PAYABLE SUBSIDIARY LEDGER							
ACCOUNT Sam's Computers							
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Dec	1		✓			CR	9,600.00
	15		J11	600.00		CR	9,000.00
	31		J11	600.00		CR	8,400.00

ACCOUNTS PAYABLE SUBSIDIARY LEDGER							
ACCOUNT Specialty TV							
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Dec	15		J11		180.00	CR	180.00
	31		J11	180.00			—



Both Electric World and Specialty TV have a zero balance. In Excel, when using formulas and functions, a zero balance will show up as a dash. When you have a zero balance, leave the DR/CR column blank.

## Posting Using the Accounts Payable Subsidiary Ledger

When posting with subsidiary ledgers, two postings are required.

1. One to the control account in the general ledger
2. One to the individual account in the subsidiary ledger

This is so that the Accounts Payable control account always equals the balance of the subsidiary ledger.

Follow similar steps as you did when posting transactions in Module 4.

Step 1: Locate the first accounts payable entry in the **general journal**.

GENERAL JOURNAL			Page		11
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
2015					
Dec	8	Equipment		1,500.00	
		Accounts Payable—Gold's Fitness Equipment			1,500.00
		Purchase invoice #GF298			

General Journal Entry

From now on, you must always include the supplier name in the journal entry.



**Note:** The following steps will only show what to do for the accounts payable part of the transaction, since you already know how to post other transactions.

Step 2: Post the accounts payable entry from the general journal to the general ledger. In the **general ledger**

- Record the date in the DATE column.
- Enter "J11" in the P.R. column. This indicates the info came from the general journal page 11.
- Enter the amount in the CREDIT column.
- Calculate the balance.
- Write "CR" in the DR/CR column because liabilities should have a credit balance.

GENERAL LEDGER						
ACCOUNT		Accounts Receivable			No. 200	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
2015						
Dec	8		✓			12,450.00
	8		J11		1,500.00	13,950.00

- a) Record the date. Since the month is the same as the line above, only the day is needed.
- b) Record "J11" to show the transaction came from page eleven in the general journal.
- c) Record the amount.
- d) Calculate the new balance.
- e) Write "CR" to show the new balance is still a credit amount.

Step 3: Return to the **general journal**. In the PR column insert the account number of the general ledger account where you just recorded the entry.

GENERAL JOURNAL					Page	11
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	
2015						
Dec	8	Equipment	120	1,500.00		
		Accounts Payable—Gold's Fitness Equipment	200		1,500.00	
		Purchase invoice #GF298				

Step 4: Post the accounts payable entry from the general journal to Gold’s Fitness Equipment account. In the **accounts payable subsidiary ledger**

- Record the date in the DATE column.
- Enter “J11” in the P.R. column. This indicates the info came from the general journal page 11.
- Enter the amount in the CREDIT column.
- Calculate the balance.
- Write “CR” in the DR/CR column because liabilities should have a credit balance.

ACCOUNTS PAYABLE SUBSIDIARY LEDGER						
ACCOUNT Gold’s Fitness Equipment						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015						
Dec	1	✓			CR	2,500.00
	8	J11		1,500.00	CR	4,000.00

Step 5: Return to the **general journal**. In the PR column insert a forward slash and a checkmark next to the account number to show you posted to the subsidiary ledger—Gold’s Fitness Equipment.

GENERAL JOURNAL				Page	11
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	
2015					
Dec	8 Equipment	120	1,500.00		
	Accounts Payable—Gold’s Fitness Equipment	200/✓		1,500.00	
	Purchase invoice #GF298				

Step 6: Repeat the posting procedure for each accounts payable journal entry in the same manner.

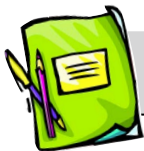
The images from the steps you just completed are shown here again so that you can see them together.

GENERAL JOURNAL				Page	11
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
2015					
Dec	8	Equipment	120	1,500.00	
		Accounts Payable—Gold's Fitness Equipment	200/✓		1,500.00
		Purchase invoice #GF298			

GENERAL LEDGER							
ACCOUNT	Accounts Payable Control					No.	200
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Dec	8		✓			CR	12,450.00
	8		J11		1,500.00	CR	13,950.00

ACCOUNTS PAYABLE SUBSIDIARY LEDGER							
ACCOUNT	Gold's Fitness Equipment						
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Dec	1		✓			CR	2,500.00
	8		J11		1,500.00	CR	4,000.00





## Learning Activity 5.1

### 1. Blue Grass Lawn Care

- a) Open the file called “Mod 5 LA 5.1 BGLC.”
- b) Journalize (starting on page 13) the following March transactions (use the accounts listed in the general ledger sheet):
  - i) Mar. 1—landscape planning was done for J. Toews in the amount of \$750, due in two months. Sales invoice #BG1374.
  - ii) Mar. 2—purchased equipment on account from Home Renos in the amount of \$525. Payment due in two months. Purchase invoice #HR6539.
  - iii) Mar. 4—G. Khan makes a \$250 payment for previous work completed.
  - iv) Mar. 5—lawn maintenance work was done for the Youth Leader College in the amount of \$1500, due in two months. Sales invoice #YLC1375.
  - v) Mar. 6—purchased gas from the local Stop Shop on account in the amount of \$125. Payment due in one month. Purchase invoice #SS839.
  - vi) Mar. 8—landscape planning was done for the Soccer Stadium in the amount of \$275, due in two months. Sales invoice #BG1376.
  - vii) Mar. 9—made a payment to Home Renos for previous purchase in the amount of \$450. Cheque #90.
  - viii) Mar. 12—landscape planning was done for the Junior Reader Library in the amount of \$300. \$100 was paid in cash and the remainder is due in two months. Sales invoice #BG1377.
  - ix) Mar. 15—J. Toews makes a \$300 payment for previous work completed.
  - x) Mar. 17—paid last month’s phone bill to Communication Systems. Cost \$120. Cheque #91.
  - xi) Mar. 19—paid last month’s utilities bill to Power House. Cost \$100. Cheque #92.
  - xii) Mar. 22—lawn maintenance work was done for G. Khan in the amount of \$75, due in two months. Sales invoice #BG1378.

*continued*

## Learning Activity 5.1 (continued)

- xiii) Mar. 25—placed an ad in a community magazine (Leisure Guide). Cost \$250, due in two months. Purchase invoice #LG8027.
  - xv) Mar. 28—made a payment to Stop Shop for a previous purchase in the amount of \$125. Cheque #93.
- c) Post the above transactions to the general ledger and to the subsidiary ledgers.

### 2. Dr. Le Phang, Dentist

- a) Open the file called “Mod 5 LA 5.1 DLPD.”
- b) Journalize (starting on page 27) the following September transactions (use the accounts listed in the general ledger sheet):
  - i) Sep. 1—bought dental supplies on account in the amount of \$135 from Dental Services Inc. Payment is due in one month. Purchase invoice #DSI4000.
  - ii) Sep. 3—dental services were performed on G. Jarzyna in the amount of \$150, due in three months. Sales invoice #LP1910.
  - iii) Sep. 4—made the monthly insurance payment to Risky Business Insurance in the amount \$180 (the full year insurance was previously purchased on account). Cheque #131.
  - iv) Sep. 6—dental services were performed on A. Byrd in the amount of \$375. \$125 was paid in cash, with the remainder due in three months. Sales invoice #LP1911.
  - v) Sep. 8—T. Smerchanski made a \$250 payment for previous work completed.
  - vi) Sep. 9—purchased a one-page advertisement in the Local Buzz. The cost was \$450. Paid the deposit of \$75, with the remainder due in two months. Purchase invoice #LB384, Cheque #132.
  - vii) Sep. 10—Dr. Phang withdrew \$1,200 from the business for personal use. Cheque #133.
  - viii) Sep. 13—paid last month’s cable bill in the amount of \$65 to Telly TV. Cheque #134.
  - ix) Sep. 14—G. Jarzyna made a \$75 payment for previous work completed.
  - x) Sep. 16—purchased new furniture on account from Small Office Inc. The furniture cost \$875 and is due in one month. Purchase invoice #SO8485.

*continued*

## Learning Activity 5.1 (continued)

- xi) Sep. 19—paid the current utilities bill in the amount of \$160 to Power Source. Cheque #135.
  - xii. Sep. 21—dental services were performed on C. McIntosh in the amount of \$625, due in three months. Sales invoice #LP1912.
  - xiii. Sep. 23—purchased dental supplies from Dental Services Inc. in the amount of \$490. Due in one month. Purchase invoice #DSI4059.
  - xiv. Sep. 26—paid Small Office Inc. \$350 for previous purchases. Cheque #136.
  - xv. Sep. 29—A. Byrd made a \$125 payment for previous work completed.
- c) Post the above transactions to the general ledger and to the subsidiary ledgers.
- 

## End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 5 Learning Activity Answer Key to ensure that your answers are correct.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next lesson builds on the outcomes you just finished.

## LESSON 2: SCHEDULE OF ACCOUNTS AND THE UPDATED TRIAL BALANCE

### Lesson Focus

By the end of this lesson, you should be able to

- create a schedule of accounts for the accounts receivable subsidiary ledger
- create a schedule of accounts for the accounts payable subsidiary ledger
- create an updated trial balance

### Introduction

After transactions have been journalized and posted the new account balances must be reflected in formal and non-formal financial statements.

### The Schedule of Accounts

At the end of the month (or other time period, depending on the business) a schedule of accounts receivable and schedule of accounts payable are created to prove that the control account matches the total of the subsidiary ledgers. In Lesson 1, you saw the following:

### GENERAL LEDGER

<table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 50%;">Cash</td><td style="width: 50%; text-align: right;">12,600.00</td></tr> <tr><td colspan="2"><hr/></td></tr> <tr><td>Accounts Receivable</td><td style="text-align: right;">2,700.00</td></tr> <tr><td colspan="2"><hr/></td></tr> <tr><td>Equipment</td><td style="text-align: right;">67,000.00</td></tr> <tr><td colspan="2"><hr/></td></tr> <tr><td>Furniture</td><td style="text-align: right;">43,000.00</td></tr> <tr><td colspan="2"><hr/></td></tr> <tr><td>Building</td><td style="text-align: right;">150,000.00</td></tr> <tr><td colspan="2"><hr/></td></tr> <tr><td>Land</td><td style="text-align: right;">100,000.00</td></tr> <tr><td colspan="2"><hr/></td></tr> </table>	Cash	12,600.00	<hr/>		Accounts Receivable	2,700.00	<hr/>		Equipment	67,000.00	<hr/>		Furniture	43,000.00	<hr/>		Building	150,000.00	<hr/>		Land	100,000.00	<hr/>		<table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 50%;">Accounts Payable</td><td style="width: 50%; text-align: right;">12,470.00</td></tr> <tr><td colspan="2"><hr/></td></tr> <tr><td>Bank Loan Payable</td><td style="text-align: right;">24,000.00</td></tr> <tr><td colspan="2"><hr/></td></tr> <tr><td>Mortgage Payable</td><td style="text-align: right;">168,500.00</td></tr> <tr><td colspan="2"><hr/></td></tr> <tr><td>J. Koe Capital</td><td style="text-align: right;">170,330.00</td></tr> <tr><td colspan="2"><hr/></td></tr> </table>	Accounts Payable	12,470.00	<hr/>		Bank Loan Payable	24,000.00	<hr/>		Mortgage Payable	168,500.00	<hr/>		J. Koe Capital	170,330.00	<hr/>	
Cash	12,600.00																																								
<hr/>																																									
Accounts Receivable	2,700.00																																								
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Equipment	67,000.00																																								
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Furniture	43,000.00																																								
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Mortgage Payable	168,500.00																																								
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J. Koe Capital	170,330.00																																								
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### ACCOUNTS RECEIVABLE LEDGER

H. Andersson	600.00
<hr/>	
R. Bautista	120.00
<hr/>	
M. Boulanger	80.00
<hr/>	
M. Latellier	60.00
<hr/>	
R. Lopes	640.00
<hr/>	
J. O'Donnell	600.00
<hr/>	
B. Patel	120.00
<hr/>	
W. Spence	480.00
<hr/>	

### ACCOUNTS PAYABLE LEDGER

Gord's Fitness Equipment	3,200.00
<hr/>	
NMB Marketing	620.00
<hr/>	
Paper Clips	250.00
<hr/>	
Sam's Computers	8,400.00
<hr/>	

The total of all four of these accounts is \$12,470, which matches the amount in the control account in the general ledger.

The total of all eight of these accounts is \$2,700, which matches the amount in the control account in the general ledger.



To prove that your separate accounts add up to the total of the control account, you create a **Schedule of Accounts**.

The following is the schedule of accounts receivable for Strong Arm Fitness. Basically, the schedule lists all the customers and the amounts they owe, along with the total amount owing. Note that the total amount of \$2,700 is the same amount that is in the Accounts Receivable control account in the general ledger. These two amounts must always be equal.

<b>Strong Arm Fitness</b>	
<b>Schedule of Accounts Receivable</b>	
<b>December 31, 2015</b>	
H. Andersson	\$600.00
R. Bautista	120.00
M. Boulanger	80.00
M. Letellier	60.00
R. Lopes	640.00
J. O'Donnell	600.00
B. Patel	120.00
W. Spence	480.00
Total	<u>\$2,700.00</u>

The following is the schedule of accounts payable for Strong Arm Fitness. In this schedule, all suppliers are listed with the amounts that Strong Arm Fitness owes them, along with the total amount owing. Again, notice that the total amount of \$12,470 is the same amount that is in the Accounts Payable control account in the ledger. These two amounts must always be equal.

<b>Strong Arm Fitness</b>	
<b>Schedule of Accounts Payable</b>	
<b>December 31, 2015</b>	
Gold's Fitness	\$3,200.00
NMB Marketing	620.00
Paper Clips	250.00
Sam's Computers	8,400.00
Total	<u>\$12,470.00</u>

Any accounts that have a zero balance do not get recorded in the schedule of accounts (receivable or payable). Remember to place dollar signs in the appropriate places (beginning of every column and after every underline within the same column).

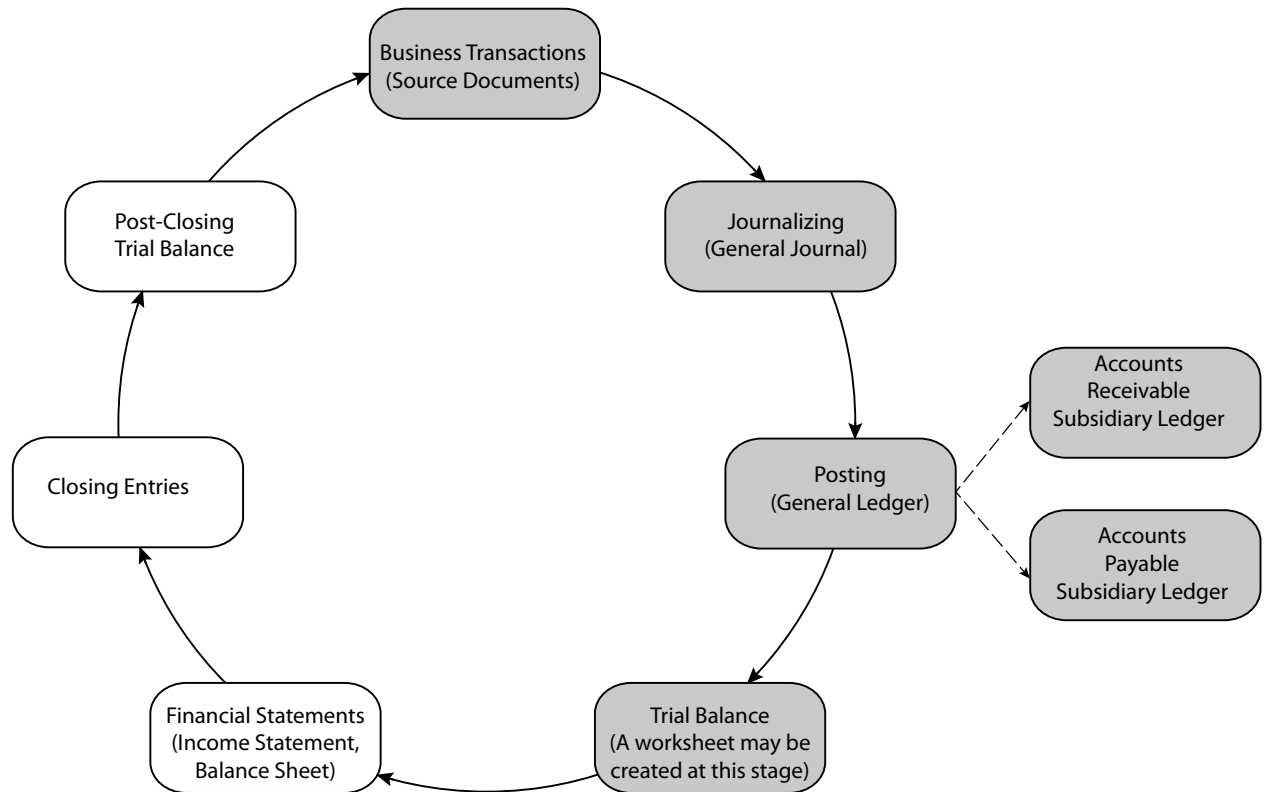
## The Updated Trial Balance

Once all transactions have been recorded for a specific period, a new trial balance must be created to reflect the new account balances. To update the trial balance, simply take the final balances from each account in the ledger. For now, you are assuming that all revenue and expense accounts are currently at zero; therefore, you do not include them. Remember, only the control accounts show up on the trial balance. The total from the schedule of accounts should match the control accounts.

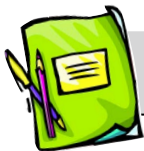
Strong Arm Fitness			
Trial Balance			
December 31, 2015			
Cash	100	\$ 12,600.00	
Accounts Receivable	110	(2,700.00)	
Equipment	120	67,000.00	
Furniture	130	43,000.00	
Building	140	150,000.00	
Land	150	100,000.00	
Accounts Payable	200		\$ 12,470.00
Bank Loan Payable	210		24,000.00
Mortgage Payable	220		168,500.00
J. Koe, Capital	300		170,330.00
Totals		\$ 375,300.00	\$ 375,300.00

## Accounting Cycle

Here are the steps of the accounting cycle that have been completed so far. The subsidiary ledgers are part of the posting process.







## Learning Activity 5.2

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### 1. Blue Grass Lawn Care

- a) Open the file called “Mod 5 LA 5.2 BGLC.”
- b) Using your answers from Learning Activity 5.1, create a schedule of accounts receivable, a schedule of accounts payable, and an updated trial balance.

### 2. Dr. Le Phang, Dentist

- a) Open the file called “Mod 5 LA 5.2 DLPD.”
  - b) Using your answers from Learning Activity 5.1, create a schedule of accounts receivable, a schedule of accounts payable, and an updated trial balance.
- 

## End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 5 Learning Activity Answer Key to ensure that your answers are correct.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next module builds on the outcomes you just finished.



## Assignment 5.1

You are about to start the fifth assignment that will be submitted to the Distance Learning Unit. This assignment is based on the Learning Activities that you have already completed. For each question, note the amount of marks it is worth. Any errors will cause a loss of mark(s). Check your work carefully before submitting it.

### 1. Snips Hair Care

- a) Open the file “Mod 5 A1.” Save the file as “Your Name Mod 5 A1.”
- b) Record the following October transactions for Snips Hair Care. Start on page 12 of the general journal. (25 marks)
  - i) Oct. 1—K. Levesque received a cut, dry, and style in the amount of \$94. The client paid in cash.
  - ii) Oct. 3—a wedding party (G. Santos) received updos and make-up in the amount of \$295. \$145 was paid in cash and the remainder is due in two weeks. Sales Invoice #SHC057.
  - iii) Oct. 5—purchased \$500 of advertising in Wedding Watch magazine. The amount is due in two months. Purchase Invoice #WW2093.
  - iv) Oct. 7—M. Longfellow received a cut, dry, colour, and style in the amount of \$124 on account. Sales Invoice #SHC058.
  - v) Oct. 7—family of four (A. Sinosich) received various services in the amount of \$185. \$85 was paid in cash and the remainder is due in two weeks. Sales Invoice #SHC059.
  - vi) Oct. 12—received the communications bill from Circuiting Inc. in the amount of \$155, due in one month. Purchase Invoice #8490530.
  - vii) Oct. 15—received the rent invoice from Lodging Group in the amount of \$800, due in one month. Purchase Invoice #LG3948.
  - viii) Oct. 20—S. Chin received a cut, dry, and style in the amount of \$94 on account. Sales Invoice #SHC060.
  - ix) Oct. 20—Y. McDonnell received a cut, dry, colour, and style in the amount of \$124 on account. Sales Invoice #SHC061.
  - x) Oct. 23—a family of five (J. Leiter) received various services in the amount of \$235. \$135 was paid in cash and the remainder is due in two weeks. Sales Invoice #SHC062.
  - xi) Oct. 25—received the utilities bill from Electro Company in the amount of \$110, due in one month. Purchase Invoice #EC83920.

*continued*

## Assignment 5.1 (continued)

- xii) Oct. 26—paid \$50 to Wedding Watch. Cheque #97.
  - xiii) Oct. 27—a retirement party (A. Benoit) received updos in the amount of \$150. \$75 was paid in cash and the remainder is due in two weeks.  
Sales Invoice #SHC063.
  - xiv) Oct. 27—ordered supplies from Hair, Etc. in the amount of \$375.  
The amount is due in one month. Purchase Invoice #HE7392.
  - xv) Oct. 29—T. McDougall received a cut, dry, colour, and style in the amount of \$124 on account. Sales Invoice #SHC064.
  - xvi) Oct 29—paid the monthly employee wages for \$3,500. Cheque #98.
  - xvii) Oct. 29—M. Longfellow received an updo in the amount of \$65.  
Sales Invoice #SHC065.
  - xviii) Oct. 30—received the full amount owing from A. Sinosich.
  - xix) Oct. 30—received \$50 from G. Santos in partial payment of their account.
  - xx) Oct. 30—paid the amount owing to Circuiting Inc. Cheque #99.
  - xxi) Oct. 30—paid \$800 toward the amount owing to Lodging Group.  
Cheque #100.
- c) Post the above transactions to the general ledger and subsidiary ledgers.  
(10 marks)
- d) Create a schedule of accounts for both the receivables and the payables. (6 marks)
- e) Create an updated trial balance for the month of October for Snips Hair Care.  
(4 marks)

## MODULE 5 SUMMARY

Congratulations on completing Module 5! You now know how to use the accounts receivable subsidiary ledger and the accounts payable subsidiary ledger. You have also updated the trial balance, which means you are able to create up-to-date financial statements.

In Module 6, you are going to prepare a six-column worksheet, and a classified balance sheet. You will also learn how to close the ledger and complete a post-closing trial balance.



### Submitting Your Assignments

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It is now time for you to submit Assignment 5.1 to the Distance Learning Unit so that you can receive some feedback on how you are doing in this course. Remember that you must submit all the assignments in this course before you can receive your credit.

Make sure you have completed all parts of your Module 5 assignment and organize your material in the following order:

- Module 5 Cover Sheet (found at the end of the course Introduction)
- Assignment 5.1
  - Excel File “Mod 5 A1”
    - General Journal
    - General Ledger
    - Accounts Receivable Subsidiary Ledger
    - Accounts Payable Subsidiary Ledger
    - Schedule of Accounts Receivable
    - Schedule of Accounts Payable
    - Trial Balance

For instructions on submitting your assignment, refer to How to Submit Assignments in the course introduction.

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## Notes



GRADE 11 ACCOUNTING  
ESSENTIALS (30S)

Module 5  
Subsidiary Ledgers

Learning Activity Answer Key



## MODULE 5: SUBSIDIARY LEDGERS

### Learning Activity 5.1

#### 1. Blue Grass Lawn Care

- a) Open the file called “Mod 5 LA 5.1 BGLC.”
- b) Journalize (starting on page 13) the following March transactions (use the accounts listed in the general ledger sheet):
  - i) Mar. 1—landscape planning was done for J. Toews in the amount of \$750, due in two months. Sales invoice #BG1374.
  - ii) Mar. 2—purchased equipment on account from Home Renos in the amount of \$525. Payment due in two months. Purchase invoice #HR6539.
  - iii) Mar. 4—G. Khan makes a \$250 payment for previous work completed.
  - iv) Mar. 5—lawn maintenance work was done for the Youth Leader College in the amount of \$1500, due in two months. Sales invoice #YLC1375.
  - v) Mar. 6—purchased gas from the local Stop Shop on account in the amount of \$125. Payment due in one month. Purchase invoice #SS839.
  - vi) Mar. 8—landscape planning was done for the Soccer Stadium in the amount of \$275, due in two months. Sales invoice #BG1376.
  - vii) Mar. 9—made a payment to Home Renos for previous purchase in the amount of \$450. Cheque #90.
  - viii) Mar. 12—landscape planning was done for the Junior Reader Library in the amount of \$300. \$100 was paid in cash and the remainder is due in two months. Sales invoice #BG1377.
  - ix) Mar. 15—J. Toews makes a \$300 payment for previous work completed.
  - x) Mar. 17—paid last month’s phone bill to Communication Systems. Cost \$120. Cheque #91.
  - xi) Mar. 19—paid last month’s utilities bill to Power House. Cost \$100. Cheque #92.
  - xii) Mar. 22—lawn maintenance work was done for G. Khan in the amount of \$75, due in two months. Sales invoice #BG1378.



- xiii) Mar. 25—placed an ad in a community magazine (Leisure Guide). Cost \$250, due in two months. Purchase invoice #LG8027.
  - xv) Mar. 28—made a payment to Stop Shop for a previous purchase in the amount of \$125. Cheque #93.
- c) Post the above transactions to the general ledger and to the subsidiary ledgers.

Answer: General Journal

GENERAL JOURNAL			Page		13
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Mar	1	Accounts Receivable—J. Toews	110/✓	750.00	
		Landscaping Revenue	410		750.00
		Sales Invoice #BG1374—due in two weeks			
	2	Equipment	120	525.00	
		Accounts Payable—Home Renos	200/✓		525.00
		Purchase Invoice #HR6539—due in two months			
	4	Cash	100	250.00	
		Accounts Receivable—G. Khan	110/✓		250.00
	5	Accounts Receivable—Youth Leader College	110/✓	1,500.00	
		Lawn Maintenance Revenue	400		1,500.00
		Sales Invoice #BG1375—due in two months			
	6	Gas Expense	510	125.00	
		Accounts Payable—Stop Shop	200/✓		125.00
		Purchase Invoice #SS839—due in one month			
	8	Accounts Receivable—Soccer Stadium	110/✓	275.00	
		Landscaping Revenue	410		275.00
		Sales Invoice #BG1376—due in two weeks			
	9	Accounts Payable—Home Renos	200/✓	450.00	
		Cash	100		450.00
		Cheque #90			
	12	Cash	100	100.00	
		Accounts Receivable—Junior Reader Library	110/✓	200.00	
		Landscaping Revenue	410		300.00
		Sales Invoice #BG1377—due in two months			
	15	Cash	100	300.00	
		Accounts Receivable—J. Toews	110/✓		300.00
	17	Accounts Payable—Communication Systems	200/✓	120.00	
		Cash	100		120.00
		Cheque #91			
	19	Accounts Payable—Power House	200/✓	100.00	
		Cash	100		100.00
		Cheque #92			

GENERAL JOURNAL				Page	14
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Mar	22	Accounts Receivable—G. Khan	110/✓	75.00	
		Lawn Maintenance Revenue	400		75.00
		Sales Invoice #BG1378—due in two months			
	25	Advertising Expense	500	250.00	
		Accounts Payable—Leisure Guide	200/✓		250.00
		Purchase Invoice #LG8027—due in two months			
	28	Accounts Payable—Stop Shop	200/✓	125.00	
		Cash	100		125.00
		Cheque #93			

*Answer: General Ledger*

GENERAL LEDGER							
ACCOUNT	Cash				No.	100	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Mar	1		✓			DR	6,365.00
	4		J13	250.00		DR	6,615.00
	9		J13		450.00	DR	6,165.00
	12		J13	100.00		DR	6,265.00
	15		J13	300.00		DR	6,565.00
	17		J13		120.00	DR	6,445.00
	19		J13		100.00	DR	6,345.00
	28		J14		125.00	DR	6,220.00

GENERAL LEDGER						
ACCOUNT		Accounts Receivable			No. 110	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR. BALANCE
20xx						
Mar	1		✓			DR 1,250.00
	1		J13	750.00		DR 2,000.00
	4		J13		250.00	DR 1,750.00
	5		J13	1,500.00		DR 3,250.00
	8		J13	275.00		DR 3,525.00
	12		J13	200.00		DR 3,725.00
	15		J13		300.00	DR 3,425.00
	22		J14	75.00		DR 3,500.00

GENERAL LEDGER						
ACCOUNT		Equipment			No. 120	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR. BALANCE
20xx						
Mar	1		✓			DR 7,225.00
	2		J13	525.00		DR 7,750.00

GENERAL LEDGER						
ACCOUNT		Accounts Payable			No. 200	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR. BALANCE
20xx						
Mar	1		✓			CR 1,070.00
	2		J13		525.00	CR 1,595.00
	6		J13		125.00	CR 1,720.00
	9		J13	450.00		CR 1,270.00
	17		J13	120.00		CR 1,150.00
	19		J13	100.00		CR 1,050.00
	25		J14		250.00	CR 1,300.00
	28		J14	125.00		CR 1,175.00

GENERAL LEDGER							
ACCOUNT		Bank Loan Payable			No. 210		
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Mar	1		✓			CR	7,775.00

GENERAL LEDGER							
ACCOUNT		M. Clemmons, Capital			No. 300		
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Mar	1		✓			CR	5,995.00

GENERAL LEDGER							
ACCOUNT		M. Clemmons, Drawings			No. 310		
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE

GENERAL LEDGER							
ACCOUNT		Lawn Maintenance Revenue			No. 400		
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Mar	5		J13		1,500.00	CR	1,500.00
	22		J14		75.00	CR	1,575.00

GENERAL LEDGER							
ACCOUNT		Landscaping Revenue			No. 410		
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Mar	1		J13		750.00	CR	750.00
	8		J13		275.00	CR	1,025.00
	12		J13		300.00	CR	1,325.00

GENERAL LEDGER							
ACCOUNT		Advertising Expense				No.	500
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Mar	25		J14	250.00		DR	250.00

GENERAL LEDGER							
ACCOUNT		Gas Expense				No.	510
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Mar	6		J13	125.00		DR	125.00

GENERAL LEDGER							
ACCOUNT		Phone Expense				No.	520
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE

GENERAL LEDGER							
ACCOUNT		Utilities Expense				No.	530
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE

GENERAL LEDGER							
ACCOUNT		Wages Expense				No.	540
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE

*Answer: Accounts Receivable Subsidiary Ledger*

ACCOUNTS RECEIVABLE SUBSIDIARY LEDGER						
ACCOUNT G. Khan						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx						
Mar	1	✓			DR	500.00
	4	J13		250.00	DR	250.00
	22	J14	75.00		DR	325.00

ACCOUNTS RECEIVABLE SUBSIDIARY LEDGER						
ACCOUNT Junior Reader Library						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx						
Mar	12	J13	200.00		DR	200.00

ACCOUNTS RECEIVABLE SUBSIDIARY LEDGER						
ACCOUNT Soccer Stadium						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx						
Mar	1	✓	750.00		DR	750.00
	8	J13	275.00		DR	1,025.00

ACCOUNTS RECEIVABLE SUBSIDIARY LEDGER						
ACCOUNT J. Toews						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx						
Mar	1	J13	750.00		DR	750.00
	15	J13		300.00	DR	450.00

ACCOUNTS RECEIVABLE SUBSIDIARY LEDGER						
ACCOUNT Youth Leader College						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx						
Mar	5	J13	1,500.00		DR	1,500.00

Answer: Accounts Payable Subsidiary Ledger

ACCOUNTS PAYABLE SUBSIDIARY LEDGER							
ACCOUNT Communication Systems							
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Mar	1		✓			CR	120.00
	17		J13	120.00			—

ACCOUNTS PAYABLE SUBSIDIARY LEDGER							
ACCOUNT Home Renos							
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Mar	1		✓			CR	300.00
	2		J13		525.00	CR	825.00
	9		J13	450.00		CR	375.00

ACCOUNTS PAYABLE SUBSIDIARY LEDGER							
ACCOUNT Leisure Guide							
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Mar	25		J14		250.00	CR	250.00

ACCOUNTS PAYABLE SUBSIDIARY LEDGER							
ACCOUNT Power House							
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Mar	1		✓			CR	100.00
	19		J13	100.00			—



ACCOUNTS PAYABLE SUBSIDIARY LEDGER						
ACCOUNT Shop Stop						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx						
Mar	1	✓			CR	250.00
	6	J13		125.00	CR	375.00
	28	J14	125.00		CR	250.00

ACCOUNTS PAYABLE SUBSIDIARY LEDGER						
ACCOUNT The Whisper						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx						
Mar	1	✓			CR	300.00

## 2. Dr. Le Phang, Dentist

- a) Open the file called “Mod 5 LA 5.1 DLDP.”
- b) Journalize (starting on page 27) the following September transactions (use the accounts listed in the general ledger sheet):
  - i) Sep. 1—bought dental supplies on account in the amount of \$135 from Dental Services Inc. Payment is due in one month. Purchase invoice #DSI4000.
  - ii) Sep. 3—dental services were performed on G. Jarzyna in the amount of \$150, due in three months. Sales invoice #LP1910.
  - iii) Sep. 4—made the monthly insurance payment to Risky Business Insurance in the amount \$180 (the full year insurance was previously purchased on account). Cheque #131.
  - iv) Sep. 6—dental services were performed on A. Byrd in the amount of \$375. \$125 was paid in cash, with the remainder due in three months. Sales invoice #LP1911.
  - v) Sep. 8—T. Smerchanski made a \$250 payment for previous work completed.
  - vi) Sep. 9—purchased a one-page advertisement in the Local Buzz. The cost was \$450. Paid the deposit of \$75, with the remainder due in two months. Purchase invoice #LB384, Cheque #132.
  - vii) Sep. 10—Dr. Phang withdrew \$1,200 from the business for personal use. Cheque #133.

- viii) Sep. 13—paid last month’s cable bill in the amount of \$65 to Telly TV. Cheque #134.
  - ix) Sep. 14—G. Jarzyna made a \$75 payment for previous work completed.
  - x) Sep. 16—purchased new furniture on account from Small Office Inc. The furniture cost \$875 and is due in one month. Purchase invoice #SO8485.
  - xi) Sep. 19—paid the current utilities bill in the amount of \$160 to Power Source. Cheque #135.
  - xii) Sep. 21—dental services were performed on C. McIntosh in the amount of \$625, due in three months. Sales invoice #LP1912.
  - xiii) Sep. 23—purchased dental supplies from Dental Services Inc. in the amount of \$490. Due in one month. Purchase invoice #DSI4059.
  - xiv) Sep. 26—paid Small Office Inc. \$350 for previous purchases. Cheque #136.
  - xv) Sep. 29—A. Byrd made a \$125 payment for previous work completed.
- c) Post the above transactions to the general ledger and to the subsidiary ledgers.

Answer: General Journal

GENERAL JOURNAL		Page	27	
DATE	PARTICULARS	P.R.	DEBIT	CREDIT
20xx				
Sep	1			
	Dental Supplies	120	135.00	
	Accounts Payable—Dental Services Inc.	200/✓		135.00
	Purchase Invoice #DSI4000—due in two months			
	3			
	Accounts Receivable—G. Jarzyna	110/✓	150.00	
	Dental Fees	400		150.00
	Sales Invoice #LP1910—due in three months			
	4			
	Accounts Payable—Risky Business Insurance	200/✓	180.00	
	Cash	100		180.00
	Cheque #131			
	6			
	Cash	100	125.00	
	Accounts Receivable—A. Byrd	110/✓	250.00	
	Dental Fees	400		375.00
	Sales Invoice #LP1911—due in three months			
	8			
	Cash	100	250.00	
	Accounts Receivable—T. Smerchanski	110/✓		250.00
	9			
	Advertising Expense	500	450.00	
	Cash	100		75.00
	Accounts Payable—Local Buzz	200/✓		375.00
	Purchase Invoice #LB384, Cheque #132—due in two months			
	10			
	L. Phang, Drawings	310	1,200.00	
	Cash	100		1,200.00
	Cheque #133			
	13			
	Accounts Payable—Telly TV	200/✓	65.00	
	Cash	100		65.00
	Cheque #134			
	14			
	Cash	100	75.00	
	Accounts Receivable—G. Jarzyna	110/✓		75.00
	16			
	Furniture	140	875.00	
	Accounts Payable—Small Office Inc.	200/✓		875.00
	Purchase Invoice #SO8485—due in one month			
	19			
	Utilities Expense	570	160.00	
	Cash	100		160.00
	Cheque #135			

GENERAL JOURNAL				Page	28
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Sep	21	Accounts Receivable—C. McIntosh	110/✓	625.00	
		Dental Fees	400		625.00
		Sales Invoice #LP1912—due in three months			
	23	Dental Supplies	120	490.00	
		Accounts Payable—Dental Services Inc.	200/✓		490.00
		Purchase Invoice #DS14059—due in one month			
	26	Accounts Payable—Small Office Inc.	200/✓	350.00	
		Cash	100		350.00
		Cheque #136			
	29	Cash	100	125.00	
		Accounts Receivable—A. Byrd	110/✓		125.00

*Answer: General Ledger*

GENERAL LEDGER							
ACCOUNT	Cash				No.	100	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	1		✓			DR	3,620.00
	4		J27		180.00	DR	3,440.00
	6		J27	125.00		DR	3,565.00
	8		J27	250.00		DR	3,815.00
	9		J27		75.00	DR	3,740.00
	10		J27		1,200.00	DR	2,540.00
	13		J27		65.00	DR	2,475.00
	14		J27	75.00		DR	2,550.00
	19		J27		160.00	DR	2,390.00
	26		J28		350.00	DR	2,040.00
	29		J28	125.00		DR	2,165.00

GENERAL LEDGER							
ACCOUNT		Accounts Receivable			No. 110		
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	1		✓			DR	1,050.00
	3		J27	150.00		DR	1,200.00
	6		J27	250.00		DR	1,450.00
	8		J27		250.00	DR	1,200.00
	14		J27		75.00	DR	1,125.00
	21		J28	625.00		DR	1,750.00
	29		J28		125.00	DR	1,625.00

GENERAL LEDGER							
ACCOUNT		Dental Supplies			No. 120		
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	1		✓			DR	200.00
	1		J27	135.00		DR	335.00
	23		J28	490.00		DR	825.00

GENERAL LEDGER							
ACCOUNT		Equipment			No. 130		
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	1		✓			DR	11,835.00

GENERAL LEDGER							
ACCOUNT		Furniture			No. 140		
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	1		✓			DR	5,000.00
	16		J27	875.00		DR	5,875.00

GENERAL LEDGER								
ACCOUNT		Building				No.	150	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE	
20xx								
Sep	1		✓			DR	45,000.00	

GENERAL LEDGER								
ACCOUNT		Land				No.	160	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE	
20xx								
Sep	1		✓			DR	25,000.00	

GENERAL LEDGER								
ACCOUNT		Accounts Payable				No.	200	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE	
20xx								
Sep	1		✓			CR	5,150.00	
	1		J27		135.00	CR	5,285.00	
	4		J27	180.00		CR	5,105.00	
	9		J27		375.00	CR	5,480.00	
	13		J27	65.00		CR	5,415.00	
	16		J27		875.00	CR	6,290.00	
	23		J28		490.00	CR	6,780.00	
	26		J28	350.00		CR	6,430.00	

GENERAL LEDGER								
ACCOUNT		Bank Loan Payable				No.	210	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE	
20xx								
Sep	1		✓			CR	8,125.00	

GENERAL LEDGER							
ACCOUNT		Mortgage Payable				No.	220
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	1		✓			CR	46,475.00

GENERAL LEDGER							
ACCOUNT		L. Phang, Capital				No.	300
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	1		✓			CR	31,955.00

GENERAL LEDGER							
ACCOUNT		L. Phang, Drawings				No.	310
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	10		J27	1,200.00		DR	1,200.00

GENERAL LEDGER							
ACCOUNT		Dental Fees				No.	400
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	3		J27		150.00	CR	150.00
	6		J27		375.00	CR	525.00
	21		J28		625.00	CR	1,150.00

GENERAL LEDGER							
ACCOUNT		Advertising Expense				No.	500
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	9		J27	450.00		DR	450.00

GENERAL LEDGER						
ACCOUNT	Cable Expense				No.	510
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE

GENERAL LEDGER						
ACCOUNT	Dental Supplies Expense				No.	520
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE

GENERAL LEDGER						
ACCOUNT	Insurance Expense				No.	530
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE

GENERAL LEDGER						
ACCOUNT	Office Cleaning Expense				No.	540
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE

GENERAL LEDGER						
ACCOUNT	Salaries Expense				No.	550
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE



GENERAL LEDGER							
ACCOUNT Telephone/Internet Expense						No.	560
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE

GENERAL LEDGER							
ACCOUNT Utilities Expense						No.	570
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	19		J27	160.00		DR	160.00

Answer: Accounts Receivable Subsidiary Ledger

ACCOUNTS RECEIVABLE SUBSIDIARY LEDGER							
ACCOUNT A. Byrd							
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	1		✓			DR	300.00
	6		J27	250.00		DR	550.00
	29		J28		125.00	DR	425.00

ACCOUNTS RECEIVABLE SUBSIDIARY LEDGER							
ACCOUNT L. Chan							
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	1		✓			DR	350.00

ACCOUNTS RECEIVABLE SUBSIDIARY LEDGER							
ACCOUNT G. Jarzyna							
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	3		J27	150.00		DR	150.00
	14		J27		75.00	DR	75.00

ACCOUNTS RECEIVABLE SUBSIDIARY LEDGER							
ACCOUNT C. McIntosh							
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	21		J28	625.00		DR	625.00

ACCOUNTS RECEIVABLE SUBSIDIARY LEDGER							
ACCOUNT T. Smerchanski							
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	1		✓			DR	400.00
	8		J27		250.00	DR	150.00

Answer: Accounts Payable Subsidiary Ledger

ACCOUNTS PAYABLE SUBSIDIARY LEDGER						
ACCOUNT Busy Clean						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx						
Sep	1	✓			CR	1,500.00

ACCOUNTS PAYABLE SUBSIDIARY LEDGER						
ACCOUNT Dental Services Inc.						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx						
Sep	1	✓			CR	1,000.00
	1	J27		135.00	CR	1,135.00
	23	J28		490.00	CR	1,625.00

ACCOUNTS PAYABLE SUBSIDIARY LEDGER						
ACCOUNT Local Buzz						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx						
Sep	9	J27		375.00	CR	375.00

ACCOUNTS PAYABLE SUBSIDIARY LEDGER						
ACCOUNT Power Source						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE

ACCOUNTS PAYABLE SUBSIDIARY LEDGER						
ACCOUNT Risky Business Insurance						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx						
Sep	1	✓			CR	2,160.00
	4	J27	180.00		CR	1,980.00

ACCOUNTS PAYABLE SUBSIDIARY LEDGER							
ACCOUNT Small Office Inc.							
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	1		✓			CR	425.00
	16		J27		875.00	CR	1,300.00
	26		J28	350.00		CR	950.00

ACCOUNTS PAYABLE SUBSIDIARY LEDGER							
ACCOUNT Telly TV							
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	1		✓			CR	65.00
	13		J27	65.00			—

## Learning Activity 5.2

### 1. Blue Grass Lawn Care

- a) Open the file called “Mod 5 LA 5.2 BGLC.”
- b) Using your answers from Learning Activity 5.1, create a schedule of accounts receivable, a schedule of accounts payable, and an updated trial balance.

*Answer:*

<b>Blue Grass Lawn Care</b>	
<b>Schedule of Accounts Receivable</b>	
<b>March 31, 20xx</b>	
G. Khan	\$325.00
Junior Reader Library	200.00
Soccer Stadium	1,025.00
J. Toews	450.00
Youth Leader College	1,500.00
Total	<u>\$3,500.00</u>

<b>Blue Grass Lawn Care</b>	
<b>Schedule of Accounts Payable</b>	
<b>March 31, 20xx</b>	
Home Renos	\$375.00
Leisure Guide	250.00
Stop Shop	250.00
The Whisper	300.00
Total	<u>\$1,175.00</u>

Blue Grass Lawn Care			
Trial Balance			
March 31, 20XX			
Cash	100	\$ 6,220.00	
Accounts Receivable	110	3,500.00	
Equipment	120	7,750.00	
Accounts Payable	200		\$ 1,175.00
Bank Loan Payable	210		7,775.00
M. Clemmons, Capital	300		5,995.00
Lawn Maintenance Revenue	400		1,575.00
Landscaping Revenue	410		1,325.00
Advertising Expense	500	250.00	
Gas Expense	510	125.00	
Totals		\$ 17,845.00	\$ 17,845.00

2. **Dr. Le Phang, Dentist**

- a) Open the file called “Mod 5 LA 5.2 DLPD.”
- b) Using your answers from Learning Activity 5.1, create a schedule of accounts receivable, a schedule of accounts payable, and an updated trial balance.

*Answer:*

<b>Dr. Le Phang, Dentist</b>	
<b>Schedule of Accounts Receivable</b>	
<b>September 30, 20xx</b>	
A. Byrd	\$425.00
L. Chan	350.00
G. Jarzyna	75.00
C. McIntosh	625.00
T. Smerchanski	150.00
Total	<u>\$1,625.00</u>

<b>Dr. Le Phang, Dentist</b>	
<b>Schedule of Accounts Payable</b>	
<b>September 30, 20xx</b>	
Busy Clean	\$1,500.00
Dental Services Inc.	1,625.00
Local Buzz	375.00
Risky Business Inc.	1,980.00
Small Office Inc.	950.00
Total	<u>\$6,430.00</u>

Dr. Le Phang, Dentist			
Trial Balance			
September 30, 20XX			
Cash	100	\$ 2,165.00	
Accounts Receivable	110	1,625.00	
Dental Supplies	120	825.00	
Equipment	130	11,835.00	
Furniture	140	5,875.00	
Building	150	45,000.00	
Land	160	25,000.00	
Accounts Payable	200		\$ 6,430.00
Bank Loan Payable	210		8,125.00
Mortgage Payable	220		46,475.00
L. Phang, Capital	300		31,955.00
L. Phang, Drawings	310	1,200.00	
Dental Fees	400		1,150.00
Advertising Expense	500	450.00	
Utilities Expense	570	160.00	
Totals		\$ 94,135.00	\$ 94,135.00



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## Notes

## MODULE 5 SUMMARY

Congratulations on completing Module 5! You now know how to use the accounts receivable subsidiary ledger and the accounts payable subsidiary ledger. You have also updated the trial balance, which means you are able to create up-to-date financial statements.

In Module 6, you are going to prepare a six-column worksheet, and a classified balance sheet. You will also learn how to close the ledger and complete a post-closing trial balance.



### Submitting Your Assignments

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It is now time for you to submit Assignment 5.1 to the Distance Learning Unit so that you can receive some feedback on how you are doing in this course. Remember that you must submit all the assignments in this course before you can receive your credit.

Make sure you have completed all parts of your Module 5 assignment and organize your material in the following order:

- Module 5 Cover Sheet (found at the end of the course Introduction)
- Assignment 5.1
  - Excel File “Mod 5 A1”
    - General Journal
    - General Ledger
    - Accounts Receivable Subsidiary Ledger
    - Accounts Payable Subsidiary Ledger
    - Schedule of Accounts Receivable
    - Schedule of Accounts Payable
    - Trial Balance

For instructions on submitting your assignment, refer to How to Submit Assignments in the course introduction.

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## Notes



GRADE 11 ACCOUNTING  
ESSENTIALS (30S)

Module 5  
Subsidiary Ledgers

Learning Activity Answer Key



## MODULE 5: SUBSIDIARY LEDGERS

### Learning Activity 5.1

#### 1. Blue Grass Lawn Care

- a) Open the file called “Mod 5 LA 5.1 BGLC.”
- b) Journalize (starting on page 13) the following March transactions (use the accounts listed in the general ledger sheet):
  - i) Mar. 1—landscape planning was done for J. Toews in the amount of \$750, due in two months. Sales invoice #BG1374.
  - ii) Mar. 2—purchased equipment on account from Home Renos in the amount of \$525. Payment due in two months. Purchase invoice #HR6539.
  - iii) Mar. 4—G. Khan makes a \$250 payment for previous work completed.
  - iv) Mar. 5—lawn maintenance work was done for the Youth Leader College in the amount of \$1500, due in two months. Sales invoice #YLC1375.
  - v) Mar. 6—purchased gas from the local Stop Shop on account in the amount of \$125. Payment due in one month. Purchase invoice #SS839.
  - vi) Mar. 8—landscape planning was done for the Soccer Stadium in the amount of \$275, due in two months. Sales invoice #BG1376.
  - vii) Mar. 9—made a payment to Home Renos for previous purchase in the amount of \$450. Cheque #90.
  - viii) Mar. 12—landscape planning was done for the Junior Reader Library in the amount of \$300. \$100 was paid in cash and the remainder is due in two months. Sales invoice #BG1377.
  - ix) Mar. 15—J. Toews makes a \$300 payment for previous work completed.
  - x) Mar. 17—paid last month’s phone bill to Communication Systems. Cost \$120. Cheque #91.
  - xi) Mar. 19—paid last month’s utilities bill to Power House. Cost \$100. Cheque #92.
  - xii) Mar. 22—lawn maintenance work was done for G. Khan in the amount of \$75, due in two months. Sales invoice #BG1378.

- xiii) Mar. 25—placed an ad in a community magazine (Leisure Guide). Cost \$250, due in two months. Purchase invoice #LG8027.
  - xv) Mar. 28—made a payment to Stop Shop for a previous purchase in the amount of \$125. Cheque #93.
- c) Post the above transactions to the general ledger and to the subsidiary ledgers.

Answer: General Journal

GENERAL JOURNAL			Page		13
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Mar	1	Accounts Receivable—J. Toews	110/✓	750.00	
		Landscaping Revenue	410		750.00
		Sales Invoice #BG1374—due in two weeks			
	2	Equipment	120	525.00	
		Accounts Payable—Home Renos	200/✓		525.00
		Purchase Invoice #HR6539—due in two months			
	4	Cash	100	250.00	
		Accounts Receivable—G. Khan	110/✓		250.00
	5	Accounts Receivable—Youth Leader College	110/✓	1,500.00	
		Lawn Maintenance Revenue	400		1,500.00
		Sales Invoice #BG1375—due in two months			
	6	Gas Expense	510	125.00	
		Accounts Payable—Stop Shop	200/✓		125.00
		Purchase Invoice #SS839—due in one month			
	8	Accounts Receivable—Soccer Stadium	110/✓	275.00	
		Landscaping Revenue	410		275.00
		Sales Invoice #BG1376—due in two weeks			
	9	Accounts Payable—Home Renos	200/✓	450.00	
		Cash	100		450.00
		Cheque #90			
	12	Cash	100	100.00	
		Accounts Receivable—Junior Reader Library	110/✓	200.00	
		Landscaping Revenue	410		300.00
		Sales Invoice #BG1377—due in two months			
	15	Cash	100	300.00	
		Accounts Receivable—J. Toews	110/✓		300.00
	17	Accounts Payable—Communication Systems	200/✓	120.00	
		Cash	100		120.00
		Cheque #91			
	19	Accounts Payable—Power House	200/✓	100.00	
		Cash	100		100.00
		Cheque #92			



GENERAL JOURNAL				Page	14
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Mar	22	Accounts Receivable—G. Khan	110/✓	75.00	
		Lawn Maintenance Revenue	400		75.00
		Sales Invoice #BG1378—due in two months			
	25	Advertising Expense	500	250.00	
		Accounts Payable—Leisure Guide	200/✓		250.00
		Purchase Invoice #LG8027—due in two months			
	28	Accounts Payable—Stop Shop	200/✓	125.00	
		Cash	100		125.00
		Cheque #93			

*Answer: General Ledger*

GENERAL LEDGER							
ACCOUNT	Cash				No.	100	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Mar	1		✓			DR	6,365.00
	4		J13	250.00		DR	6,615.00
	9		J13		450.00	DR	6,165.00
	12		J13	100.00		DR	6,265.00
	15		J13	300.00		DR	6,565.00
	17		J13		120.00	DR	6,445.00
	19		J13		100.00	DR	6,345.00
	28		J14		125.00	DR	6,220.00

GENERAL LEDGER						
ACCOUNT		Accounts Receivable			No. 110	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR. BALANCE
20xx						
Mar	1		✓			DR 1,250.00
	1		J13	750.00		DR 2,000.00
	4		J13		250.00	DR 1,750.00
	5		J13	1,500.00		DR 3,250.00
	8		J13	275.00		DR 3,525.00
	12		J13	200.00		DR 3,725.00
	15		J13		300.00	DR 3,425.00
	22		J14	75.00		DR 3,500.00

GENERAL LEDGER						
ACCOUNT		Equipment			No. 120	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR. BALANCE
20xx						
Mar	1		✓			DR 7,225.00
	2		J13	525.00		DR 7,750.00

GENERAL LEDGER						
ACCOUNT		Accounts Payable			No. 200	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR. BALANCE
20xx						
Mar	1		✓			CR 1,070.00
	2		J13		525.00	CR 1,595.00
	6		J13		125.00	CR 1,720.00
	9		J13	450.00		CR 1,270.00
	17		J13	120.00		CR 1,150.00
	19		J13	100.00		CR 1,050.00
	25		J14		250.00	CR 1,300.00
	28		J14	125.00		CR 1,175.00

GENERAL LEDGER							
ACCOUNT		Bank Loan Payable			No. 210		
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Mar	1		✓			CR	7,775.00

GENERAL LEDGER							
ACCOUNT		M. Clemmons, Capital			No. 300		
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Mar	1		✓			CR	5,995.00

GENERAL LEDGER							
ACCOUNT		M. Clemmons, Drawings			No. 310		
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE

GENERAL LEDGER							
ACCOUNT		Lawn Maintenance Revenue			No. 400		
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Mar	5		J13		1,500.00	CR	1,500.00
	22		J14		75.00	CR	1,575.00

GENERAL LEDGER							
ACCOUNT		Landscaping Revenue			No. 410		
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Mar	1		J13		750.00	CR	750.00
	8		J13		275.00	CR	1,025.00
	12		J13		300.00	CR	1,325.00

GENERAL LEDGER								
ACCOUNT		Advertising Expense				No.	500	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE	
20xx								
Mar	25		J14	250.00		DR	250.00	

GENERAL LEDGER								
ACCOUNT		Gas Expense				No.	510	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE	
20xx								
Mar	6		J13	125.00		DR	125.00	

GENERAL LEDGER								
ACCOUNT		Phone Expense				No.	520	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE	

GENERAL LEDGER								
ACCOUNT		Utilities Expense				No.	530	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE	

GENERAL LEDGER								
ACCOUNT		Wages Expense				No.	540	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE	

*Answer: Accounts Receivable Subsidiary Ledger*

ACCOUNTS RECEIVABLE SUBSIDIARY LEDGER						
ACCOUNT G. Khan						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx						
Mar	1	✓			DR	500.00
	4	J13		250.00	DR	250.00
	22	J14	75.00		DR	325.00

ACCOUNTS RECEIVABLE SUBSIDIARY LEDGER						
ACCOUNT Junior Reader Library						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx						
Mar	12	J13	200.00		DR	200.00

ACCOUNTS RECEIVABLE SUBSIDIARY LEDGER						
ACCOUNT Soccer Stadium						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx						
Mar	1	✓	750.00		DR	750.00
	8	J13	275.00		DR	1,025.00

ACCOUNTS RECEIVABLE SUBSIDIARY LEDGER						
ACCOUNT J. Toews						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx						
Mar	1	J13	750.00		DR	750.00
	15	J13		300.00	DR	450.00

ACCOUNTS RECEIVABLE SUBSIDIARY LEDGER						
ACCOUNT Youth Leader College						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx						
Mar	5	J13	1,500.00		DR	1,500.00

Answer: Accounts Payable Subsidiary Ledger

ACCOUNTS PAYABLE SUBSIDIARY LEDGER							
ACCOUNT Communication Systems							
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Mar	1		✓			CR	120.00
	17		J13	120.00			—

ACCOUNTS PAYABLE SUBSIDIARY LEDGER							
ACCOUNT Home Renos							
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Mar	1		✓			CR	300.00
	2		J13		525.00	CR	825.00
	9		J13	450.00		CR	375.00

ACCOUNTS PAYABLE SUBSIDIARY LEDGER							
ACCOUNT Leisure Guide							
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Mar	25		J14		250.00	CR	250.00

ACCOUNTS PAYABLE SUBSIDIARY LEDGER							
ACCOUNT Power House							
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Mar	1		✓			CR	100.00
	19		J13	100.00			—

ACCOUNTS PAYABLE SUBSIDIARY LEDGER						
ACCOUNT Shop Stop						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx						
Mar	1	✓			CR	250.00
	6	J13		125.00	CR	375.00
	28	J14	125.00		CR	250.00

ACCOUNTS PAYABLE SUBSIDIARY LEDGER						
ACCOUNT The Whisper						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx						
Mar	1	✓			CR	300.00

## 2. Dr. Le Phang, Dentist

- a) Open the file called “Mod 5 LA 5.1 DLDP.”
- b) Journalize (starting on page 27) the following September transactions (use the accounts listed in the general ledger sheet):
  - i) Sep. 1—bought dental supplies on account in the amount of \$135 from Dental Services Inc. Payment is due in one month. Purchase invoice #DSI4000.
  - ii) Sep. 3—dental services were performed on G. Jarzyna in the amount of \$150, due in three months. Sales invoice #LP1910.
  - iii) Sep. 4—made the monthly insurance payment to Risky Business Insurance in the amount \$180 (the full year insurance was previously purchased on account). Cheque #131.
  - iv) Sep. 6—dental services were performed on A. Byrd in the amount of \$375. \$125 was paid in cash, with the remainder due in three months. Sales invoice #LP1911.
  - v) Sep. 8—T. Smerchanski made a \$250 payment for previous work completed.
  - vi) Sep. 9—purchased a one-page advertisement in the Local Buzz. The cost was \$450. Paid the deposit of \$75, with the remainder due in two months. Purchase invoice #LB384, Cheque #132.
  - vii) Sep. 10—Dr. Phang withdrew \$1,200 from the business for personal use. Cheque #133.

- viii) Sep. 13—paid last month’s cable bill in the amount of \$65 to Telly TV. Cheque #134.
  - ix) Sep. 14—G. Jarzyna made a \$75 payment for previous work completed.
  - x) Sep. 16—purchased new furniture on account from Small Office Inc. The furniture cost \$875 and is due in one month. Purchase invoice #SO8485.
  - xi) Sep. 19—paid the current utilities bill in the amount of \$160 to Power Source. Cheque #135.
  - xii) Sep. 21—dental services were performed on C. McIntosh in the amount of \$625, due in three months. Sales invoice #LP1912.
  - xiii) Sep. 23—purchased dental supplies from Dental Services Inc. in the amount of \$490. Due in one month. Purchase invoice #DSI4059.
  - xiv) Sep. 26—paid Small Office Inc. \$350 for previous purchases. Cheque #136.
  - xv) Sep. 29—A. Byrd made a \$125 payment for previous work completed.
- c) Post the above transactions to the general ledger and to the subsidiary ledgers.



Answer: General Journal

GENERAL JOURNAL		Page	27
DATE	PARTICULARS	P.R.	CREDIT
20xx			
Sep	1		
	Dental Supplies	120	135.00
	Accounts Payable—Dental Services Inc.	200/✓	135.00
	Purchase Invoice #DSI4000—due in two months		
	3		
	Accounts Receivable—G. Jarzyna	110/✓	150.00
	Dental Fees	400	150.00
	Sales Invoice #LP1910—due in three months		
	4		
	Accounts Payable—Risky Business Insurance	200/✓	180.00
	Cash	100	180.00
	Cheque #131		
	6		
	Cash	100	125.00
	Accounts Receivable—A. Byrd	110/✓	250.00
	Dental Fees	400	375.00
	Sales Invoice #LP1911—due in three months		
	8		
	Cash	100	250.00
	Accounts Receivable—T. Smerchanski	110/✓	250.00
	9		
	Advertising Expense	500	450.00
	Cash	100	75.00
	Accounts Payable—Local Buzz	200/✓	375.00
	Purchase Invoice #LB384, Cheque #132—due in two months		
	10		
	L. Phang, Drawings	310	1,200.00
	Cash	100	1,200.00
	Cheque #133		
	13		
	Accounts Payable—Telly TV	200/✓	65.00
	Cash	100	65.00
	Cheque #134		
	14		
	Cash	100	75.00
	Accounts Receivable—G. Jarzyna	110/✓	75.00
	16		
	Furniture	140	875.00
	Accounts Payable—Small Office Inc.	200/✓	875.00
	Purchase Invoice #SO8485—due in one month		
	19		
	Utilities Expense	570	160.00
	Cash	100	160.00
	Cheque #135		

GENERAL JOURNAL				Page	28
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Sep	21	Accounts Receivable—C. McIntosh	110/✓	625.00	
		Dental Fees	400		625.00
		Sales Invoice #LP1912—due in three months			
	23	Dental Supplies	120	490.00	
		Accounts Payable—Dental Services Inc.	200/✓		490.00
		Purchase Invoice #DS14059—due in one month			
	26	Accounts Payable—Small Office Inc.	200/✓	350.00	
		Cash	100		350.00
		Cheque #136			
	29	Cash	100	125.00	
		Accounts Receivable—A. Byrd	110/✓		125.00

*Answer: General Ledger*

GENERAL LEDGER							
ACCOUNT	Cash				No.	100	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	1		✓			DR	3,620.00
	4		J27		180.00	DR	3,440.00
	6		J27	125.00		DR	3,565.00
	8		J27	250.00		DR	3,815.00
	9		J27		75.00	DR	3,740.00
	10		J27		1,200.00	DR	2,540.00
	13		J27		65.00	DR	2,475.00
	14		J27	75.00		DR	2,550.00
	19		J27		160.00	DR	2,390.00
	26		J28		350.00	DR	2,040.00
	29		J28	125.00		DR	2,165.00

GENERAL LEDGER							
ACCOUNT Accounts Receivable						No.	110
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	1		✓			DR	1,050.00
	3		J27	150.00		DR	1,200.00
	6		J27	250.00		DR	1,450.00
	8		J27		250.00	DR	1,200.00
	14		J27		75.00	DR	1,125.00
	21		J28	625.00		DR	1,750.00
	29		J28		125.00	DR	1,625.00

GENERAL LEDGER							
ACCOUNT Dental Supplies						No.	120
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	1		✓			DR	200.00
	1		J27	135.00		DR	335.00
	23		J28	490.00		DR	825.00

GENERAL LEDGER							
ACCOUNT Equipment						No.	130
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	1		✓			DR	11,835.00

GENERAL LEDGER							
ACCOUNT Furniture						No.	140
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	1		✓			DR	5,000.00
	16		J27	875.00		DR	5,875.00

GENERAL LEDGER								
ACCOUNT		Building				No.	150	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE	
20xx								
Sep	1		✓			DR	45,000.00	

GENERAL LEDGER								
ACCOUNT		Land				No.	160	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE	
20xx								
Sep	1		✓			DR	25,000.00	

GENERAL LEDGER								
ACCOUNT		Accounts Payable				No.	200	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE	
20xx								
Sep	1		✓			CR	5,150.00	
	1		J27		135.00	CR	5,285.00	
	4		J27	180.00		CR	5,105.00	
	9		J27		375.00	CR	5,480.00	
	13		J27	65.00		CR	5,415.00	
	16		J27		875.00	CR	6,290.00	
	23		J28		490.00	CR	6,780.00	
	26		J28	350.00		CR	6,430.00	

GENERAL LEDGER								
ACCOUNT		Bank Loan Payable				No.	210	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE	
20xx								
Sep	1		✓			CR	8,125.00	

GENERAL LEDGER							
ACCOUNT		Mortgage Payable				No.	220
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	1		✓			CR	46,475.00

GENERAL LEDGER							
ACCOUNT		L. Phang, Capital				No.	300
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	1		✓			CR	31,955.00

GENERAL LEDGER							
ACCOUNT		L. Phang, Drawings				No.	310
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	10		J27	1,200.00		DR	1,200.00

GENERAL LEDGER							
ACCOUNT		Dental Fees				No.	400
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	3		J27		150.00	CR	150.00
	6		J27		375.00	CR	525.00
	21		J28		625.00	CR	1,150.00

GENERAL LEDGER							
ACCOUNT		Advertising Expense				No.	500
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	9		J27	450.00		DR	450.00

GENERAL LEDGER						
ACCOUNT	Cable Expense				No.	510
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE

GENERAL LEDGER						
ACCOUNT	Dental Supplies Expense				No.	520
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE

GENERAL LEDGER						
ACCOUNT	Insurance Expense				No.	530
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE

GENERAL LEDGER						
ACCOUNT	Office Cleaning Expense				No.	540
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE

GENERAL LEDGER						
ACCOUNT	Salaries Expense				No.	550
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE

GENERAL LEDGER							
ACCOUNT Telephone/Internet Expense						No.	560
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE

GENERAL LEDGER							
ACCOUNT Utilities Expense						No.	570
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	19		J27	160.00		DR	160.00

Answer: Accounts Receivable Subsidiary Ledger

ACCOUNTS RECEIVABLE SUBSIDIARY LEDGER							
ACCOUNT A. Byrd							
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	1		✓			DR	300.00
	6		J27	250.00		DR	550.00
	29		J28		125.00	DR	425.00

ACCOUNTS RECEIVABLE SUBSIDIARY LEDGER							
ACCOUNT L. Chan							
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	1		✓			DR	350.00

ACCOUNTS RECEIVABLE SUBSIDIARY LEDGER							
ACCOUNT G. Jarzyna							
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	3		J27	150.00		DR	150.00
	14		J27		75.00	DR	75.00

ACCOUNTS RECEIVABLE SUBSIDIARY LEDGER							
ACCOUNT C. McIntosh							
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	21		J28	625.00		DR	625.00

ACCOUNTS RECEIVABLE SUBSIDIARY LEDGER							
ACCOUNT T. Smerchanski							
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	1		✓			DR	400.00
	8		J27		250.00	DR	150.00



Answer: Accounts Payable Subsidiary Ledger

ACCOUNTS PAYABLE SUBSIDIARY LEDGER						
ACCOUNT Busy Clean						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx						
Sep	1	✓			CR	1,500.00

ACCOUNTS PAYABLE SUBSIDIARY LEDGER						
ACCOUNT Dental Services Inc.						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx						
Sep	1	✓			CR	1,000.00
	1	J27		135.00	CR	1,135.00
	23	J28		490.00	CR	1,625.00

ACCOUNTS PAYABLE SUBSIDIARY LEDGER						
ACCOUNT Local Buzz						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx						
Sep	9	J27		375.00	CR	375.00

ACCOUNTS PAYABLE SUBSIDIARY LEDGER						
ACCOUNT Power Source						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE

ACCOUNTS PAYABLE SUBSIDIARY LEDGER						
ACCOUNT Risky Business Insurance						
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx						
Sep	1	✓			CR	2,160.00
	4	J27	180.00		CR	1,980.00

ACCOUNTS PAYABLE SUBSIDIARY LEDGER							
ACCOUNT Small Office Inc.							
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	1		✓			CR	425.00
	16		J27		875.00	CR	1,300.00
	26		J28	350.00		CR	950.00

ACCOUNTS PAYABLE SUBSIDIARY LEDGER							
ACCOUNT Telly TV							
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Sep	1		✓			CR	65.00
	13		J27	65.00			—

## Learning Activity 5.2

### 1. Blue Grass Lawn Care

- Open the file called “Mod 5 LA 5.2 BGLC.”
- Using your answers from Learning Activity 5.1, create a schedule of accounts receivable, a schedule of accounts payable, and an updated trial balance.

*Answer:*

<b>Blue Grass Lawn Care</b>	
<b>Schedule of Accounts Receivable</b>	
<b>March 31, 20xx</b>	
G. Khan	\$325.00
Junior Reader Library	200.00
Soccer Stadium	1,025.00
J. Toews	450.00
Youth Leader College	1,500.00
Total	<u>\$3,500.00</u>

<b>Blue Grass Lawn Care</b>	
<b>Schedule of Accounts Payable</b>	
<b>March 31, 20xx</b>	
Home Renos	\$375.00
Leisure Guide	250.00
Stop Shop	250.00
The Whisper	300.00
Total	<u>\$1,175.00</u>

Blue Grass Lawn Care			
Trial Balance			
March 31, 20XX			
Cash	100	\$ 6,220.00	
Accounts Receivable	110	3,500.00	
Equipment	120	7,750.00	
Accounts Payable	200		\$ 1,175.00
Bank Loan Payable	210		7,775.00
M. Clemmons, Capital	300		5,995.00
Lawn Maintenance Revenue	400		1,575.00
Landscaping Revenue	410		1,325.00
Advertising Expense	500	250.00	
Gas Expense	510	125.00	
Totals		\$ 17,845.00	\$ 17,845.00

2. **Dr. Le Phang, Dentist**

- a) Open the file called “Mod 5 LA 5.2 DLPD.”
- b) Using your answers from Learning Activity 5.1, create a schedule of accounts receivable, a schedule of accounts payable, and an updated trial balance.

*Answer:*

<b>Dr. Le Phang, Dentist</b>	
<b>Schedule of Accounts Receivable</b>	
<b>September 30, 20xx</b>	
A. Byrd	\$425.00
L. Chan	350.00
G. Jarzyna	75.00
C. McIntosh	625.00
T. Smerchanski	150.00
Total	<u>\$1,625.00</u>

<b>Dr. Le Phang, Dentist</b>	
<b>Schedule of Accounts Payable</b>	
<b>September 30, 20xx</b>	
Busy Clean	\$1,500.00
Dental Services Inc.	1,625.00
Local Buzz	375.00
Risky Business Inc.	1,980.00
Small Office Inc.	950.00
Total	<u>\$6,430.00</u>

Dr. Le Phang, Dentist			
Trial Balance			
September 30, 20XX			
Cash	100	\$ 2,165.00	
Accounts Receivable	110	1,625.00	
Dental Supplies	120	825.00	
Equipment	130	11,835.00	
Furniture	140	5,875.00	
Building	150	45,000.00	
Land	160	25,000.00	
Accounts Payable	200		\$ 6,430.00
Bank Loan Payable	210		8,125.00
Mortgage Payable	220		46,475.00
L. Phang, Capital	300		31,955.00
L. Phang, Drawings	310	1,200.00	
Dental Fees	400		1,150.00
Advertising Expense	500	450.00	
Utilities Expense	570	160.00	
Totals		\$ 94,135.00	\$ 94,135.00

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## Notes

## **Supporting Videos for Grade 11 Accounting**

### Module 5

1. [Video - Special Journals Subsidiary Ledgers](#)
2. [Video - Subsidiary Ledger Definition: What is Subsidiary Ledger?](#)





GRADE 11 ACCOUNTING  
ESSENTIALS (30S)

Module 6  
The Worksheet



# MODULE 6: THE WORKSHEET

## Introduction

Financial statements paint a picture of a business. It is important to keep clear and accurate records at all times in order to analyze the prosperity or health of the business. This module introduces the worksheet, which is a tool used to help create financial statements.

It is also important for a business to know the results of business activity for any given period. Closing the ledger allows each period to provide a clean slate and to calculate profits or losses for the period.

The Post-Closing Trial Balance, introduced in this module, paints the final picture for the period.

There are learning activities at the end of each lesson. The learning activities will help you prepare for the assignment. Remember, every module builds on the last, so it is important that you understand the previous concepts before moving on.

## Assignments in Module 6

When you have completed the assignment for Module 6, submit your completed assignment to the Distance Learning Unit either by mail or electronically through the learning management system (LMS). The staff will forward your work to your tutor/marker.

Lesson	Assignment	Marks
4	Assignment 6.1	35

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## Notes

# LESSON 1: THE SIX-COLUMN WORKSHEET

## Lesson Focus

By the end of this lesson, you should be able to

- explain the need for and purpose of a worksheet
- prepare a six-column worksheet

## Introduction

Financial worksheets are what the name implies—a sheet used to calculate balances for all financial statements.

There are three sections on a worksheet.

- Trial Balance
- Income Statement
- Balance Sheet

Each of these sections has a debit and a credit column for a total of six columns, thus the name six-column worksheet.

## Purpose of a Worksheet



A **worksheet** is used to organize financial statement data all in one place and, consequently, help eliminate errors. The worksheet is not a formal accounting statement—it is like a rough draft of the financial statements.

## Preparation of a Worksheet

Even though the worksheet is not a formal statement, there are still some rules that you must follow when creating the worksheet.

Strong Arm Fitness							
Worksheet							
For the Month Ended December 31, 2015							
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	12,600.00				12,600.00	
Accounts Receivable	110	2,700.00				2,700.00	
Equipment	120	67,000.00				67,000.00	
Furniture	130	43,000.00				43,000.00	
Building	140	150,000.00				150,000.00	
Land	150	100,000.00				100,000.00	
Accounts Payable	200		12,470.00				12,470.00
Bank Loan Payable	210		24,000.00				24,000.00
Mortgage Payable	220		168,500.00				168,500.00
J. Koe, Capital	300		169,330.00				169,330.00
J. Koe, Drawings	310	1,150.00				1,150.00	
Massage Therapy Revenue	400		6,700.00		6,700.00		
Personal Training Revenue	410		5,300.00		5,300.00		
Membership Revenue	420		4,750.00		4,750.00		
Advertising Expense	500	2,000.00		2,000.00			
Stationery Expense	510	125.00		125.00			
Telephone/Internet Expense	520	220.00		220.00			
Utilities Expense	530	380.00		380.00			
Wages Expense	540	11,875.00		11,875.00			
		391,050.00	391,050.00	14,600.00	16,750.00	376,450.00	374,300.00
Net Income				2,150.00			2,150.00
				16,750.00	16,750.00	376,450.00	376,450.00

**3-Line Heading:**

- Who (name of company)
- What (name of financial statement)
- When (date of financial statement—including period of time)

**Body (3 sections)**

- Trial Balance
- Income Statement
- Balance Sheet

Below is a partial sample of a worksheet showing a net loss.

Utilities Expense	590	180.00		180.00			
Wages Expense	595	8,800.00		8,800.00			
		385,620.00	385,620.00	9,725.00	8,000.00	375,895.00	377,620.00
Net Loss					1,725.00	1,725.00	
				9,725.00	9,725.00	377,620.00	377,620.00

Indicate Net Income or Net Loss

This illustration shows the recording of a net loss in a worksheet. The loss becomes a decrease to the owner's equity.

The worksheet consists of two sections.

1. The **Heading** has three lines.

- a) The “**who**” –the name of the business or the name of the owner, if he/she is a professional (dentist, lawyer, et cetera) operating without a business name (e.g., Strong Arm Fitness)
- b) The “**what**” –the name of the statement (e.g., Worksheet)
- c) The “**when**” –a worksheet shows the accounts information up to a certain date. (e.g., For the Month Ended December 31, 2015) The date is always written so that the words “For the month (or Year, or Quarter) ended” are typed before the date. The month is spelled out, the day of the month is followed by a comma, and the year is listed with four digits



An **accounting period** is a period of time covered by the financial statements (e.g., two weeks, one month, six months, one year) as mentioned in the time period principle in module three. Remember, the income statement always covers a period of time (e.g., For the Month Ended). Since there is an income statement within the worksheet, the same wording is required.

2. The **Body**

- a) Record the trial balance onto the worksheet by entering account titles, account numbers, and the debit and credit balances. Total and rule (single and double underlines) the columns.

Strong Arm Fitness							
Worksheet							
For the Month Ended December 31, 2015							
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	12,600.00					
Accounts Receivable	110	2,700.00					
Equipment	120	67,000.00					
Furniture	130	43,000.00					
Building	140	150,000.00					
Land	150	100,000.00					
Accounts Payable	200		12,470.00				
Bank Loan Payable	210		24,000.00				
Mortgage Payable	220		168,500.00				
J. Koe, Capital	300		169,330.00				
J. Koe, Drawings	310	1,150.00					
Massage Therapy Revenue	400		6,700.00				
Personal Training Revenue	410		5,300.00				
Membership Revenue	420		4,750.00				
Advertising Expense	500	2,000.00					
Stationery Expense	510	125.00					
Telephone/Internet Expense	520	220.00					
Utilities Expense	530	380.00					
Wages Expense	540	11,875.00					
		<u>391,050.00</u>	<u>391,050.00</u>				



**Note:** The worksheet does not contain dollar signs (\$) as it is an informal financial statement.



- b) Transfer the income statement accounts to the appropriate debit or credit income statement column.

Strong Arm Fitness							
Worksheet							
For the Month Ended December 31, 2015							
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	12,600.00					
Accounts Receivable	110	2,700.00					
Equipment	120	67,000.00					
Furniture	130	43,000.00					
Building	140	150,000.00					
Land	150	100,000.00					
Accounts Payable	200		12,470.00				
Bank Loan Payable	210		24,000.00				
Mortgage Payable	220		168,500.00				
J. Koe, Capital	300		169,330.00				
J. Koe, Drawings	310	1,150.00					
Massage Therapy Revenue	400		6,700.00		6,700.00		
Personal Training Revenue	410		5,300.00		5,300.00		
Membership Revenue	420		4,750.00		4,750.00		
Advertising Expense	500	2,000.00		2,000.00			
Stationery Expense	510	125.00		125.00			
Telephone/Internet Expense	520	220.00		220.00			
Utilities Expense	530	380.00		380.00			
Wages Expense	540	11,875.00		11,875.00			
		391,050.00	391,050.00				

- c) Transfer the balance sheet accounts to the appropriate debit or credit balance sheet column.

Strong Arm Fitness							
Worksheet							
For the Month Ended December 31, 2015							
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	12,600.00				12,600.00	
Accounts Receivable	110	2,700.00				2,700.00	
Equipment	120	67,000.00				67,000.00	
Furniture	130	43,000.00				43,000.00	
Building	140	150,000.00				150,000.00	
Land	150	100,000.00				100,000.00	
Accounts Payable	200		12,470.00				12,470.00
Bank Loan Payable	210		24,000.00				24,000.00
Mortgage Payable	220		168,500.00				168,500.00
J. Koe, Capital	300		169,330.00				169,330.00
J. Koe, Drawings	310	1,150.00				1,150.00	
Massage Therapy Revenue	400		6,700.00		6,700.00		
Personal Training Revenue	410		5,300.00		5,300.00		
Membership Revenue	420		4,750.00		4,750.00		
Advertising Expense	500	2,000.00		2,000.00			
Stationery Expense	510	125.00		125.00			
Telephone/Internet Expense	520	220.00		220.00			
Utilities Expense	530	380.00		380.00			
Wages Expense	540	11,875.00		11,875.00			
		391,050.00	391,050.00				

- d) Add the debit and credit columns of the income statement and balance sheet. Record the totals under a single ruled line at the bottom of each column.

Strong Arm Fitness							
Worksheet							
For the Month Ended December 31, 2015							
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	12,600.00				12,600.00	
Accounts Receivable	110	2,700.00				2,700.00	
Equipment	120	67,000.00				67,000.00	
Furniture	130	43,000.00				43,000.00	
Building	140	150,000.00				150,000.00	
Land	150	100,000.00				100,000.00	
Accounts Payable	200		12,470.00				12,470.00
Bank Loan Payable	210		24,000.00				24,000.00
Mortgage Payable	220		168,500.00				168,500.00
J. Koe, Capital	300		169,330.00				169,330.00
J. Koe, Drawings	310	1,150.00				1,150.00	
Massage Therapy Revenue	400		6,700.00		6,700.00		
Personal Training Revenue	410		5,300.00		5,300.00		
Membership Revenue	420		4,750.00		4,750.00		
Advertising Expense	500	2,000.00		2,000.00			
Stationery Expense	510	125.00		125.00			
Telephone/Internet Expense	520	220.00		220.00			
Utilities Expense	530	380.00		380.00			
Wages Expense	540	11,875.00		11,875.00			
		<u>391,050.00</u>	<u>391,050.00</u>	<u>14,600.00</u>	<u>16,750.00</u>	<u>376,450.00</u>	<u>374,300.00</u>

- e) Complete the income statement section.
- i) Calculate the difference between the debit and credit column totals.
    - $16,750$  (revenue) –  $14,600$  (expenses) =  $2,150$  (net income)
  - ii) Record the difference under the smaller total. The example shows Strong Arm Fitness making a profit (net income).
    - The credit total is larger than the debit total (this means that revenue is larger than expenses; therefore, Strong Arm Fitness has a net income).
    - Record the difference under the debit total.

Strong Arm Fitness							
Worksheet							
For the Month Ended December 31, 2015							
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	12,600.00				12,600.00	
Accounts Receivable	110	2,700.00				2,700.00	
Equipment	120	67,000.00				67,000.00	
Furniture	130	43,000.00				43,000.00	
Building	140	150,000.00				150,000.00	
Land	150	100,000.00				100,000.00	
Accounts Payable	200		12,470.00				12,470.00
Bank Loan Payable	210		24,000.00				24,000.00
Mortgage Payable	220		168,500.00				168,500.00
J. Koe, Capital	300		169,330.00				169,330.00
J. Koe, Drawings	310	1,150.00				1,150.00	
Massage Therapy Revenue	400		6,700.00		6,700.00		
Personal Training Revenue	410		5,300.00		5,300.00		
Membership Revenue	420		4,750.00		4,750.00		
Advertising Expense	500	2,000.00		2,000.00			
Stationery Expense	510	125.00		125.00			
Telephone/Internet Expense	520	220.00		220.00			
Utilities Expense	530	380.00		380.00			
Wages Expense	540	11,875.00		11,875.00			
		391,050.00	391,050.00	14,600.00	16,750.00	376,450.00	374,300.00
				2,150.00			

iii) Total the debit and credit columns again so that the column totals will be equal. Record the totals under a single ruled line at the bottom of each column.

iv) Write “net income” in the account titles section, on the same line as the net income figure.

Strong Arm Fitness							
Worksheet							
For the Month Ended December 31, 2015							
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	12,600.00				12,600.00	
Accounts Receivable	110	2,700.00				2,700.00	
Equipment	120	67,000.00				67,000.00	
Furniture	130	43,000.00				43,000.00	
Building	140	150,000.00				150,000.00	
Land	150	100,000.00				100,000.00	
Accounts Payable	200		12,470.00				12,470.00
Bank Loan Payable	210		24,000.00				24,000.00
Mortgage Payable	220		168,500.00				168,500.00
J. Koe, Capital	300		169,330.00				169,330.00
J. Koe, Drawings	310	1,150.00				1,150.00	
Massage Therapy Revenue	400		6,700.00		6,700.00		
Personal Training Revenue	410		5,300.00		5,300.00		
Membership Revenue	420		4,750.00		4,750.00		
Advertising Expense	500	2,000.00		2,000.00			
Stationery Expense	510	125.00		125.00			
Telephone/Internet Expense	520	220.00		220.00			
Utilities Expense	530	380.00		380.00			
Wages Expense	540	11,875.00		11,875.00			
		391,050.00	391,050.00	14,600.00	16,750.00	376,450.00	374,300.00
Net Income				2,150.00			
				16,750.00	16,750.00		

- f) Complete the balance sheet section.
- i) Calculate the difference between the debit and credit column totals (the difference should be identical to the amount of net income).
  - ii) Record the difference under the smaller total; in this case, under the credit total. The difference is \$2,150, the same as net income. This is done because net income increases Owner's Equity. Since Owner's Equity is a credit account it increases on the credit side.

Strong Arm Fitness							
Worksheet							
For the Month Ended December 31, 2015							
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	12,600.00				12,600.00	
Accounts Receivable	110	2,700.00				2,700.00	
Equipment	120	67,000.00				67,000.00	
Furniture	130	43,000.00				43,000.00	
Building	140	150,000.00				150,000.00	
Land	150	100,000.00				100,000.00	
Accounts Payable	200		12,470.00				12,470.00
Bank Loan Payable	210		24,000.00				24,000.00
Mortgage Payable	220		168,500.00				168,500.00
J. Koe, Capital	300		169,330.00				169,330.00
J. Koe, Drawings	310	1,150.00				1,150.00	
Massage Therapy Revenue	400		6,700.00		6,700.00		
Personal Training Revenue	410		5,300.00		5,300.00		
Membership Revenue	420		4,750.00		4,750.00		
Advertising Expense	500	2,000.00		2,000.00			
Stationery Expense	510	125.00		125.00			
Telephone/Internet Expense	520	220.00		220.00			
Utilities Expense	530	380.00		380.00			
Wages Expense	540	11,875.00		11,875.00			
		<u>391,050.00</u>	<u>391,050.00</u>	14,600.00	16,750.00	376,450.00	374,300.00
Net Income				2,150.00			2,150.00
				16,750.00	16,750.00		

iii) Total the debit and credit columns again so the column totals will be equal. Record the totals under a single ruled line at the bottom of each column.

Strong Arm Fitness							
Worksheet							
For the Month Ended December 31, 2015							
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	12,600.00				12,600.00	
Accounts Receivable	110	2,700.00				2,700.00	
Equipment	120	67,000.00				67,000.00	
Furniture	130	43,000.00				43,000.00	
Building	140	150,000.00				150,000.00	
Land	150	100,000.00				100,000.00	
Accounts Payable	200		12,470.00				12,470.00
Bank Loan Payable	210		24,000.00				24,000.00
Mortgage Payable	220		168,500.00				168,500.00
J. Koe, Capital	300		169,330.00				169,330.00
J. Koe, Drawings	310	1,150.00				1,150.00	
Massage Therapy Revenue	400		6,700.00		6,700.00		
Personal Training Revenue	410		5,300.00		5,300.00		
Membership Revenue	420		4,750.00		4,750.00		
Advertising Expense	500	2,000.00		2,000.00			
Stationery Expense	510	125.00		125.00			
Telephone/Internet Expense	520	220.00		220.00			
Utilities Expense	530	380.00		380.00			
Wages Expense	540	11,875.00		11,875.00			
		<u>391,050.00</u>	<u>391,050.00</u>	14,600.00	16,750.00	376,450.00	374,300.00
Net Income				2,150.00			2,150.00
				16,750.00	16,750.00	<u>376,450.00</u>	<u>376,450.00</u>

- g) Double-rule the debit and credit columns of the income statement and balance sheet.

Strong Arm Fitness							
Worksheet							
For the Month Ended December 31, 2015							
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	12,600.00				12,600.00	
Accounts Receivable	110	2,700.00				2,700.00	
Equipment	120	67,000.00				67,000.00	
Furniture	130	43,000.00				43,000.00	
Building	140	150,000.00				150,000.00	
Land	150	100,000.00				100,000.00	
Accounts Payable	200		12,470.00				12,470.00
Bank Loan Payable	210		24,000.00				24,000.00
Mortgage Payable	220		168,500.00				168,500.00
J. Koe, Capital	300		169,330.00				169,330.00
J. Koe, Drawings	310	1,150.00				1,150.00	
Massage Therapy Revenue	400		6,700.00		6,700.00		
Personal Training Revenue	410		5,300.00		5,300.00		
Membership Revenue	420		4,750.00		4,750.00		
Advertising Expense	500	2,000.00		2,000.00			
Stationery Expense	510	125.00		125.00			
Telephone/Internet Expense	520	220.00		220.00			
Utilities Expense	530	380.00		380.00			
Wages Expense	540	11,875.00		11,875.00			
		<u>391,050.00</u>	<u>391,050.00</u>	14,600.00	16,750.00	376,450.00	374,300.00
Net Income				2,150.00			2,150.00
				<u>16,750.00</u>	<u>16,750.00</u>	<u>376,450.00</u>	<u>376,450.00</u>



## Preparing the Worksheet with a Net Loss

If a business has a net loss, the worksheet is created in the same way, except for steps (e) and (f). Steps (e) through (g) are recreated below with a net loss example.

- e) Complete the income statement section.
  - i) Calculate the difference between the debit and credit column totals.
    - $14,600$  (expenses) –  $8,000$  (revenue) =  $6,600$  (net loss)
  - ii) Record the difference under the smaller total. The example shows Strong Arm Fitness having a net loss (this means that expenses are larger than revenue; therefore, Strong Arm Fitness has a net loss).
    - The debit total is larger than the credit total.
    - Record the difference under the credit total.

Strong Arm Fitness							
Worksheet							
For the Month Ended December 31, 2015							
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	12,600.00				12,600.00	
Accounts Receivable	110	2,700.00				2,700.00	
Equipment	120	67,000.00				67,000.00	
Furniture	130	43,000.00				43,000.00	
Building	140	150,000.00				150,000.00	
Land	150	100,000.00				100,000.00	
Accounts Payable	200		12,470.00				12,470.00
Bank Loan Payable	210		24,000.00				24,000.00
Mortgage Payable	220		168,500.00				168,500.00
J. Koe, Capital	300		178,080.00				178,080.00
J. Koe, Drawings	310	1,150.00				1,150.00	
Massage Therapy Revenue	400		3,500.00		3,500.00		
Personal Training Revenue	410		2,800.00		2,800.00		
Membership Revenue	420		1,700.00		1,700.00		
Advertising Expense	500	2,000.00		2,000.00			
Stationery Expense	510	125.00		125.00			
Telephone/Internet Expense	520	220.00		220.00			
Utilities Expense	530	380.00		380.00			
Wages Expense	540	11,875.00		11,875.00			
		<u>391,050.00</u>	<u>391,050.00</u>	14,600.00	8,000.00	376,450.00	383,050.00
					6,600.00		

iii) Total the debit and credit columns again so that the column totals will be equal. Record the totals under a single ruled line at the bottom of each column.

iv) Write “net loss” in the account titles section, on the same line as the net income figure.

Strong Arm Fitness							
Worksheet							
For the Month Ended December 31, 2015							
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	12,600.00				12,600.00	
Accounts Receivable	110	2,700.00				2,700.00	
Equipment	120	67,000.00				67,000.00	
Furniture	130	43,000.00				43,000.00	
Building	140	150,000.00				150,000.00	
Land	150	100,000.00				100,000.00	
Accounts Payable	200		12,470.00				12,470.00
Bank Loan Payable	210		24,000.00				24,000.00
Mortgage Payable	220		168,500.00				168,500.00
J. Koe, Capital	300		178,080.00				178,080.00
J. Koe, Drawings	310	1,150.00				1,150.00	
Massage Therapy Revenue	400		3,500.00		3,500.00		
Personal Training Revenue	410		2,800.00		2,800.00		
Membership Revenue	420		1,700.00		1,700.00		
Advertising Expense	500	2,000.00		2,000.00			
Stationery Expense	510	125.00		125.00			
Telephone/Internet Expense	520	220.00		220.00			
Utilities Expense	530	380.00		380.00			
Wages Expense	540	11,875.00		11,875.00			
		391,050.00	391,050.00	14,600.00	8,000.00	376,450.00	383,050.00
Net Loss					6,600.00		
				14,600.00	14,600.00		

- f) Complete the balance sheet section.
- i) Calculate the difference between the debit and credit column totals (the difference should be identical to the amount of net loss).
  - ii) Record the difference under the smaller total; in this case, under the debit total. The difference is \$6,600, the same as net loss. This is done because a net loss decreases Owner's Equity. Since Owner's Equity is a credit account it decreases on the debit side.

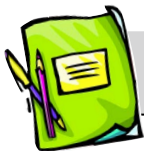
Strong Arm Fitness							
Worksheet							
For the Month Ended December 31, 2015							
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	12,600.00				12,600.00	
Accounts Receivable	110	2,700.00				2,700.00	
Equipment	120	67,000.00				67,000.00	
Furniture	130	43,000.00				43,000.00	
Building	140	150,000.00				150,000.00	
Land	150	100,000.00				100,000.00	
Accounts Payable	200		12,470.00				12,470.00
Bank Loan Payable	210		24,000.00				24,000.00
Mortgage Payable	220		168,500.00				168,500.00
J. Koe, Capital	300		178,080.00				178,080.00
J. Koe, Drawings	310	1,150.00				1,150.00	
Massage Therapy Revenue	400		3,500.00		3,500.00		
Personal Training Revenue	410		2,800.00		2,800.00		
Membership Revenue	420		1,700.00		1,700.00		
Advertising Expense	500	2,000.00		2,000.00			
Stationery Expense	510	125.00		125.00			
Telephone/Internet Expense	520	220.00		220.00			
Utilities Expense	530	380.00		380.00			
Wages Expense	540	11,875.00		11,875.00			
		391,050.00	391,050.00	14,600.00	8,000.00	376,450.00	383,050.00
Net Loss					6,600.00	6,600.00	
				14,600.00	14,600.00		

- iii) Total the debit and credit columns again so the column totals will be equal. Record the totals under a single ruled line at the bottom of each column.

Strong Arm Fitness							
Worksheet							
For the Month Ended December 31, 2015							
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	12,600.00				12,600.00	
Accounts Receivable	110	2,700.00				2,700.00	
Equipment	120	67,000.00				67,000.00	
Furniture	130	43,000.00				43,000.00	
Building	140	150,000.00				150,000.00	
Land	150	100,000.00				100,000.00	
Accounts Payable	200		12,470.00				12,470.00
Bank Loan Payable	210		24,000.00				24,000.00
Mortgage Payable	220		168,500.00				168,500.00
J. Koe, Capital	300		178,080.00				178,080.00
J. Koe, Drawings	310	1,150.00				1,150.00	
Massage Therapy Revenue	400		3,500.00		3,500.00		
Personal Training Revenue	410		2,800.00		2,800.00		
Membership Revenue	420		1,700.00		1,700.00		
Advertising Expense	500	2,000.00		2,000.00			
Stationery Expense	510	125.00		125.00			
Telephone/Internet Expense	520	220.00		220.00			
Utilities Expense	530	380.00		380.00			
Wages Expense	540	11,875.00		11,875.00			
		391,050.00	391,050.00	14,600.00	8,000.00	376,450.00	383,050.00
Net Loss					6,600.00	6,600.00	
				14,600.00	14,600.00	383,050.00	383,050.00

- g) Double-rule the debit and credit columns of the income statement and balance sheet.

Strong Arm Fitness							
Worksheet							
For the Month Ended December 31, 2015							
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	12,600.00				12,600.00	
Accounts Receivable	110	2,700.00				2,700.00	
Equipment	120	67,000.00				67,000.00	
Furniture	130	43,000.00				43,000.00	
Building	140	150,000.00				150,000.00	
Land	150	100,000.00				100,000.00	
Accounts Payable	200		12,470.00				12,470.00
Bank Loan Payable	210		24,000.00				24,000.00
Mortgage Payable	220		168,500.00				168,500.00
J. Koe, Capital	300		178,080.00				178,080.00
J. Koe, Drawings	310	1,150.00				1,150.00	
Massage Therapy Revenue	400		3,500.00		3,500.00		
Personal Training Revenue	410		2,800.00		2,800.00		
Membership Revenue	420		1,700.00		1,700.00		
Advertising Expense	500	2,000.00		2,000.00			
Stationery Expense	510	125.00		125.00			
Telephone/Internet Expense	520	220.00		220.00			
Utilities Expense	530	380.00		380.00			
Wages Expense	540	11,875.00		11,875.00			
		<u>391,050.00</u>	<u>391,050.00</u>	14,600.00	8,000.00	376,450.00	383,050.00
Net Loss					6,600.00	6,600.00	
				<u>14,600.00</u>	<u>14,600.00</u>	<u>383,050.00</u>	<u>383,050.00</u>



## Learning Activity 6.1

### 1. Blue Grass Lawn Care

- Open the file called “Mod 6 LA 6.1 BGLC.”
- The April 30, 20XX, trial balance for Blue Grass Lawn Care follows. Use the accounts balances to create a worksheet for the month.

Blue Grass Lawn Care			
Trial Balance			
April 30, 20XX			
Cash	100	\$ 7,391.00	
Accounts Receivable	110	1,430.00	
Equipment	120	6,000.00	
Accounts Payable	200		\$ 980.00
Bank Loan Payable	210		6,800.00
M. Clemmons, Capital	300		6,400.00
M. Clemmons, Drawings	310	1,800.00	
Lawn Maintenance Revenue	400		3,745.00
Landscaping Revenue	410		2,876.00
Advertising Expense	500	420.00	
Gas Expense	510	365.00	
Phone Expense	520	120.00	
Utilities Expense	530	100.00	
Wages Expense	540	3,175.00	
Totals		\$ 20,801.00	\$ 20,801.00

*continued*

## Learning Activity 6.1 (continued)

### 2. Dr. Le Phang, Dentist

- a) Open the file called “Mod 6 LA 6.1 DLDP.”
- b) The October 31, 20XX, trial balance for Dr. Le Phang, Dentist follows. Use the accounts balances to create a worksheet for the month.

Dr. Le Phang, Dentist			
Trial Balance			
October 31, 20XX			
Cash	100	\$ 8,065.00	
Accounts Receivable	110	2,300.00	
Dental Supplies	120	1,035.00	
Equipment	130	13,150.00	
Furniture	140	12,780.00	
Building	150	45,000.00	
Land	160	25,000.00	
Accounts Payable	200		\$ 12,730.00
Bank Loan Payable	210		7,200.00
Mortgage Payable	220		47,000.00
L. Phang, Capital	300		57,335.00
L. Phang, Drawings	310	15,400.00	
Dental Fees	400		5,000.00
Advertising Expense	500	1,450.00	
Cable Expense	510	65.00	
Dental Supplies Expense	520	490.00	
Insurance Expense	530	250.00	
Office Cleaning Expense	540	250.00	
Salaries Expense	550	3,750.00	
Telephone/Internet Expense	560	120.00	
Utilities Expense	570	160.00	
Totals		\$ 129,265.00	\$ 129,265.00

## End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 6 Learning Activity Answer Key to ensure that your answers are correct.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next lesson builds on the outcomes you just finished.



## LESSON 2: PREPARING CLASSIFIED FINANCIAL STATEMENTS FROM A WORKSHEET

### Lesson Focus

By the end of this lesson, you should be able to

- prepare income statements and balance sheets from information in a six-column worksheet
- prepare a classified balance sheet

### Introduction

Financial statements are prepared quickly and easily after the worksheet has been made; therefore, it is important that the worksheet sections are in balance.

The classified balance sheet is introduced in this lesson. This form of the balance sheet categorizes the assets and liabilities into short- and long-term periods. The owner's equity section includes all activity related to profits or losses and any increases or decreases to investments. The more detail that is available on a financial statement, the clearer the financial picture of a business becomes.

### Financial Statements

In previous lessons, you learned that financial statements are necessary to provide financial information about the business to owners, management, creditors, and the government. The income statement specifically shows the operating results for a business over a period of time. The balance sheet presents the financial position of a business at a specific date. In this lesson, you will learn to prepare these financial statements from a worksheet.

## Income Statement

The income statement is prepared the same way you learned in Module 3. The only difference is that you are copying your data from the worksheet rather than from the general ledger.

Strong Arm Fitness		
Income Statement		
For the month ended December 31, 2015		
Revenue:		
Massage Therapy	\$ 6,700.00	
Membership	4,750.00	
Personal Training	5,300.00	\$ 16,750.00
Expenses:		
Advertising Expense	\$ 2,000.00	
Stationery Expense	125.00	
Telephone/Internet Expense	220.00	
Utilities Expense	380.00	
Wages Expense	17,875.00	14,600.00
Net Income		\$ 2,150.00

## Balance Sheet



You have learned to prepare balance sheets in two ways.

1. **account form**—with assets on the left side and claims against the assets (liabilities and owner's equity) on the right side
2. **report form**—with assets, liabilities, and owner's equity arranged vertically



In this lesson, you will learn to prepare balance sheets as classified balance sheets. **Classified balance sheets** report assets as current or fixed and liabilities as current or long-term.



## Classified Balance Sheets Headings

**Current Assets** are assets expected to be converted into cash or used up within one year of the balance sheet (e.g., Cash, Accounts Receivable, and Supplies).

**Fixed Assets** are assets that have a long life—more than one year (e.g., Office Equipment, Building, Land).

**Current Liabilities** are debts owing which will be due within one year of the balance sheet date (e.g., Accounts Payable and Bank Loan Payable).

The Bank Loan Payable must be repaid in six months. If it was for longer than a year it would go in the next section.

**Long-Term Liabilities** are debts that normally are not due to be paid within one year of the balance sheet date (e.g., Mortgage Payable—a mortgage usually takes 25–30 years to pay off).

Remember, the classified balance sheet is a formal financial statement. Set-up and formatting of this statement are very important as it is viewed by people outside the business: banks, possible investors, and government agencies. Make sure you review the example before working on the next learning activity.

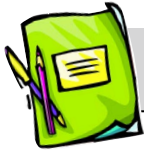
Study the illustration of a classified balance sheet shown below.

Even though this is a Classified Balance Sheet, the “what” is still simply Balance Sheet.

Strong Arm Fitness			
Balance Sheet			
December 31, 2015			
<b>Assets</b>			
<b>Current Assets</b>			
Cash		\$ 12,600.00	
Accounts Receivable		2,700.00	
Total Current Assets			\$ 15,300.00
<b>Fixed Assets</b>			
Equipment		\$ 67,000.00	
Furniture		43,000.00	
Building		150,000.00	
Land		100,000.00	
Total Fixed Assets			360,000.00
Total Assets			\$ 375,300.00
<b>Liabilities and Owner's Equity</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable		\$ 12,470.00	
Bank Loan Payable		24,000.00	
Total Current Liabilities			\$ 36,470.00
<b>Long-Term Liabilities</b>			
Mortgage Payable			168,500.00
Total Liabilities			\$ 204,970.00
<b>Owner's Equity</b>			
J. Koe, Capital—December 1		\$ 169,330.00	
Add: Net Income	\$ 2,150.00		
Less: J. Koe, Drawings	1,150.00		
Increase in Capital		1,000.00	
J. Koe, Capital—December 31			170,330.00
Total Liabilities and Owner's Equity			\$ 375,300.00

The following demonstrates what the sheet would look like if you had two long-term liabilities:

<b>Liabilities and Owner's Equity</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable		\$	12,100.00
Bank Loan Payable			24,000.00
Total Current Liabilities			\$ 36,100.00
<b>Long-Term Liabilities</b>			
Long-Term Bank Loan		\$	12,850.00
Mortgage Payable			102,650.00
Total Long-Term Liabilities			115,500.00
Total Liabilities			\$ 151,600.00



## Learning Activity 6.2

1. **Blue Grass Lawn Care**
  - a) Open the file called "Mod 6 LA 6.2 BGLC."
  - b) Using the worksheet from Learning Activity 6.1, create an income statement and a classified report form balance sheet.
2. **Dr. Le Phang, Dentist**
  - a) Open the file called "Mod 6 LA 6.2 DLPD."
  - b) Using the worksheet from Learning Activity 6.1 create an income statement and a classified report form balance sheet for Dr. Le Phang, Dentist.

## End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 6 Learning Activity Answer Key to ensure that your answers are correct.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next lesson builds on the outcomes you just finished.

## LESSON 3: CLOSING THE LEDGER

### Lesson Focus

By the end of this lesson, you should be able to

- explain the need for and the purpose of closing the ledger
- prepare closing entries
- post closing entries to the ledger

### Introduction

In Module 2 you established ledger accounts and in Module 3 you added revenue and expense accounts. Have you noticed that every time you start a new module the revenue and expense accounts start at zero again? Why? How did they get to zero after entering transactions? How did the capital account change when you had an increase from profits? How much money did your business earn in a month? Where is that information available? In this lesson, you will learn the answers to these questions as well as how to make these adjustments.

### Purposes of Closing the Ledger

In previous lessons, you learned that an income statement allows you to calculate a company's net income or net loss by matching revenue against expenses for the **same** accounting period. The information from the revenue and expense accounts must be related to only **one** accounting period; therefore, all revenue and expense accounts must begin each new accounting period with a zero balance.



It is also important that the owner's drawings account reflect the withdrawals of assets by the owner for only **one** accounting period at a time. In order to achieve zero balances in the revenue, expense, and drawings accounts at the end of each accounting period, businesses go through a process called **closing the ledger** or **closing the books**. The following are two reasons for doing this:

- to transfer net income or net loss for a period of time into the capital account so that the owner's equity capital account balance is updated to agree with the total owner's equity in the balance sheet
- to close all revenue, expense, and drawings accounts at the end of the accounting period so that they are ready to receive only the financial information from the next accounting period. The accounts should then have a zero balance.

## Permanent and Temporary Accounts



Asset, liability, and owner's capital accounts are shown on the balance sheet. These accounts have balances that are carried forward from one accounting period to the next. Since these accounts are never included in the closing of the books, they are called **permanent accounts**.



Revenue, expense, and owner's drawings accounts have balances that are closed to a zero balance at the end of each accounting period. Since these account balances are always included in the closing of the books process, they are called **temporary accounts**.

## Closing the Ledger

**Closing entries** are prepared in the general journal. After being entered into the journal, the entries must be posted to the ledger. Each of the following four steps must be completed in sequence during the process of closing the ledger:

1. Close all revenue accounts.
2. Close all expense accounts.
3. Transfer Net Income or Net Loss to the capital account.
4. Close the drawings account to the capital account.



In order to complete the first two steps, closing the revenue and expense accounts, a new owner's equity account is introduced: **Income Summary**. The Income Summary account acts as a **holding account** to hold first the revenue account balances and then the expense account balances.



Looking back at the worksheet for Strong Arm Fitness you will see that they had the following capital drawings, revenue, and expense balances.

GENERAL LEDGER						
ACCOUNT		J. Koe, Capital			No.	300
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
2015						
Dec	31		✓			169,330.00

GENERAL LEDGER						
ACCOUNT		J. Koe, Drawings			No.	310
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
2015						
Dec	31		✓			1,150.00

GENERAL LEDGER						
ACCOUNT		Massage Therapy			No.	400
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
2015						
Dec	31		✓			6,700.00

GENERAL LEDGER						
ACCOUNT		Personal Training			No.	410
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
2015						
Dec	31		✓			5,300.00

GENERAL LEDGER						
ACCOUNT		Membership			No.	420
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
2015						
Dec	31		✓			4,750.00

GENERAL LEDGER							
ACCOUNT		Advertising Expense			No. 500		
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Dec	31		✓			DR	2,000.00

GENERAL LEDGER							
ACCOUNT		Stationery Expense			No. 510		
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Dec	31		✓			DR	125.00

GENERAL LEDGER							
ACCOUNT		Telephone/Internet Expense			No. 520		
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Dec	31		✓			DR	220.00

GENERAL LEDGER							
ACCOUNT		Utilities Expense			No. 530		
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Dec	31		✓			DR	380.00

GENERAL LEDGER							
ACCOUNT		Wages Expense			No. 540		
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Dec	31		✓			DR	11,875.00

**Step 1: Close all revenue accounts to income summary.**

Revenue accounts have a credit balance. In order to bring them to a zero balance, you have to record a transaction that debits the accounts. You will then credit the temporary account Income Summary. The general journal transaction follows. Notice that you close all revenue accounts at one time. The description simply states to close the revenue accounts.

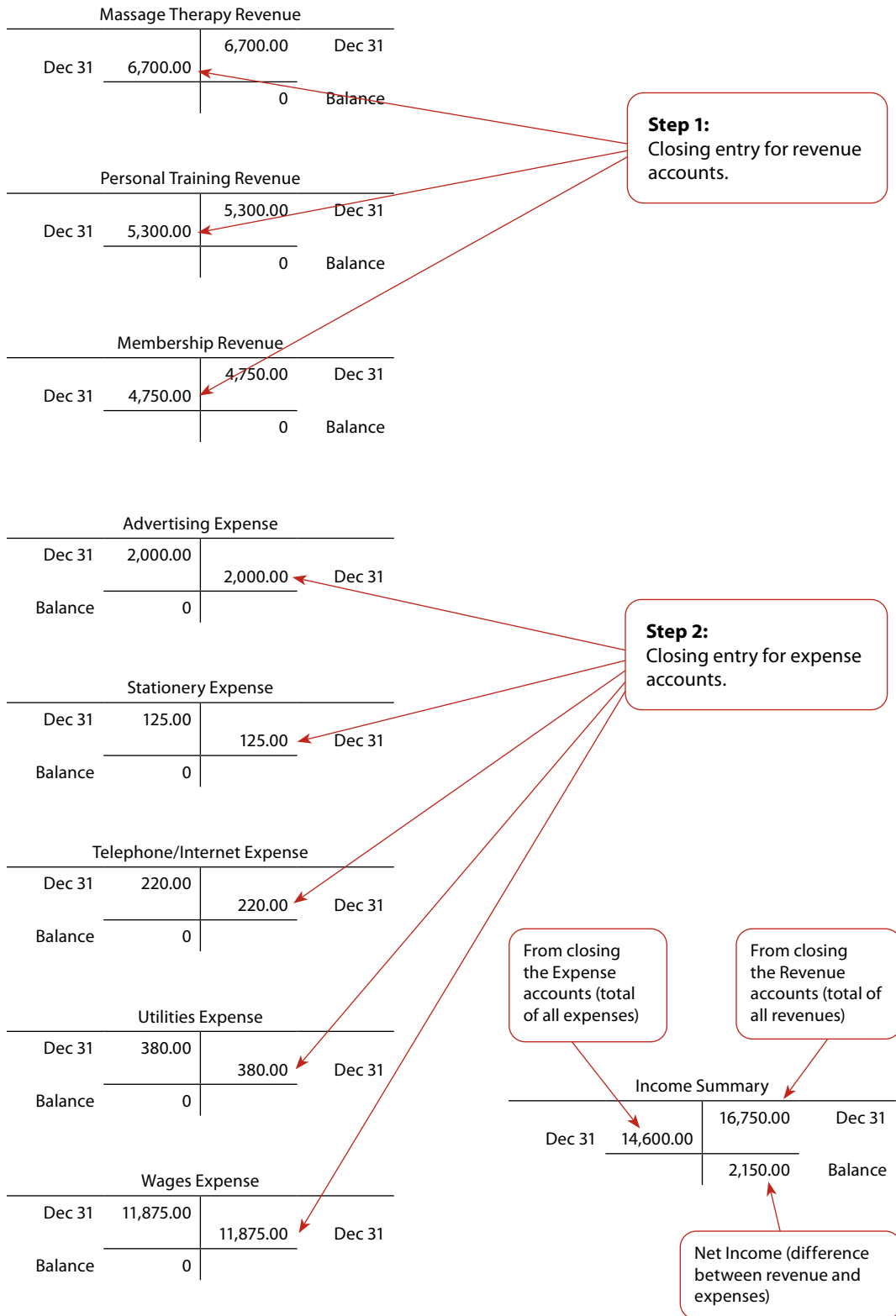
GENERAL JOURNAL			Page		13
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
2015					
Dec	31	Massage Therapy Revenue		6,700.00	
		Personal Training Revenue		5,300.00	
		Membership Revenue		4,750.00	
		Income Summary			16,750.00
		To close the revenue accounts			

**Step 2: Close all expense accounts to income summary.**

Expense accounts have a debit balance. In order to bring them to a zero balance, you have to record a transaction that credits the accounts. You will then debit the temporary account Income Summary. The general journal transaction follows. Notice that you close all expense accounts at one time. The description simply states to close the expense accounts.

	31	Income Summary		14,600.00	
		Advertising Expense			2,000.00
		Stationery Expense			125.00
		Telephone/Internet Expense			220.00
		Utilities Expense			380.00
		Wages Expense			11,875.00
		To close the expense accounts			

Before you move on to step three, look at the T-accounts (the revenue and expense accounts only show the end of the month to save space).



The remaining difference between the debit and credit sides of the Income Summary should always equal the net income or net loss for that accounting period. In this example, there is a net income of \$2,150.

### Step 3: Close income summary to capital.

The \$2,150 balance is transferred to the owner's capital account and the Income Summary account is then closed to a zero balance. Due to the nature of this account, Income Summary may also be called a **temporary account**.

Since Income Summary has a credit balance, you must debit it in order to bring the balance down to zero. You credit J. Koe, Capital to add the net income to the owner's equity account.

The general journal transaction to transfer the net income to the capital account follows:

	31	Income Summary		2,150.00	
		J. Koe, Capital			2,150.00
		To close the income summary account			

Income Summary

		16,750.00	Dec 31
Dec 31	14,600.00		
		2,150.00	Balance
Dec 31	2,150.00		
		0	Balance

J. Koe, Capital

	169,330.00	Dec 31
	2,150.00	Dec 31
	171,480.00	Balance

Had there been a net loss, the Income Summary balance would have been on the debit side. Which means, you would have credited Income Summary to get the balance to zero, then debited J. Koe, Capital. The loss would have lowered the owner's equity account.

#### Step 4: Close the drawings account to capital.

The drawings account has a debit balance. In order to bring it to a zero balance, you have to record a transaction that credits the account. You will then debit the capital account to show that the owner's equity is reduced when drawings take place. The general journal transaction follows.

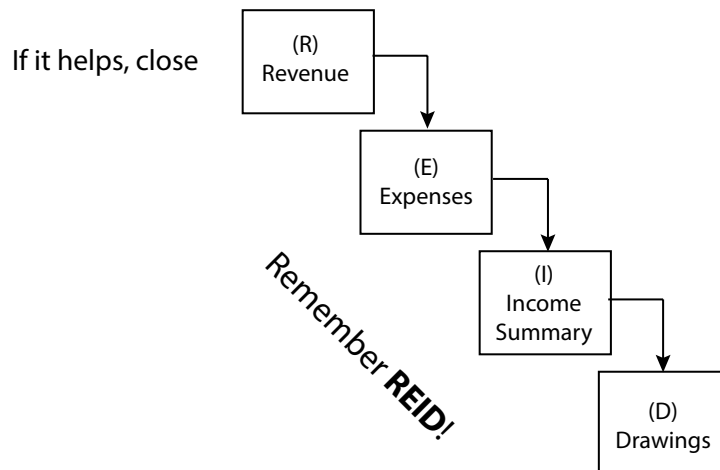
	31	J. Koe, Capital		1,150.00	
		J. Koe, Drawings			1,150.00
		To close the drawings account			

To close the Drawings account

J. Koe Drawings				J. Koe, Capital			
	Dec 31	1,150.00					
			1,150.00	169,330.00	2,150.00	Dec 31	Dec 31
			Dec 31	Dec 31	1,150.00	170,330.00	Balance
Balance		0					

Summarize the steps for closing the books:

1. Close all revenue accounts to the Income Summary account.
2. Close all expense accounts to the Income Summary account.
3. Close the Income Summary account to the capital account (the amount in the Income Summary account represents the net income or net loss).
4. Close the drawings account to the capital account.



## Posting Closing Entries

Once the closing entries have been journalized, the entries must be posted to the ledger accounts.

After the posting has been completed, the balance of the owner's capital account should equal the new capital balance shown on the balance sheet and all temporary accounts should have zero balances.

This procedure prepares the books for the next accounting period.

The steps to post the closing entries follow.

Step 1: Locate the first entry in the general journal.

GENERAL JOURNAL				Page		13
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	
2015						
Dec	31	Message Therapy Revenue		6,700.00		
		Personal Training Revenue		5,300.00		
		Membership Revenue		4,750.00		
		Income Summary			16,750.00	
		To close the revenue accounts				

General journal entry

Step 2: Post the debit entries from the general journal to the general ledger. In the general ledger (for each account being debited)

- Record the date in the DATE column.
- Enter "J13" in the P.R. column. This indicates the info came from the general journal page 13.
- Enter the amount in the DEBIT column.
- Calculate the balance.
- Leave the DR/CR column blank, since there will no longer be a balance.

GENERAL LEDGER						
ACCOUNT		Massage Therapy			No.	400
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR. BALANCE
2015						
Dec	31		✓			CR 6,700.00
	31		J13	6,700.00		—

GENERAL LEDGER						
ACCOUNT		Personal Training			No.	410
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR. BALANCE
2015						
Dec	31		✓			CR 5,300.00
	31		J13	5,300.00		—

GENERAL LEDGER						
ACCOUNT		Membership			No.	420
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR. BALANCE
2015						
Dec	31		✓			CR 4,750.00
	31		J13	4,750.00		—



**Note:** If your spreadsheet is set on commas, you will see “-” instead of “0.00”.

Step 3: Return to the general journal. In the PR column insert the account number of the general ledger account where you just recorded the entry.

GENERAL JOURNAL					Page	13
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	
2015						
Dec	31	Massage Therapy Revenue		400	6,700.00	
		Personal Training Revenue		410	5,300.00	
		Membership Revenue		420	4,750.00	
		Income Summary		320		16,750.00
		To close the revenue accounts				



Step 4: Post the credit entry from the general journal to the general ledger. In the general ledger

- a) Create the temporary account Income Summary (account #320).
- b) Record the date in the DATE column.
- c) Enter "J13" in the PR column. This indicates the info came from the general journal page 13.
- d) Enter the amount in the CREDIT column.
- e) Transfer the balance.
- f) Write "CR" in the DR/CR column, since the current balance is a credit amount.

GENERAL LEDGER							
ACCOUNT		Income Summary			No.	320	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Dec	31		J13		16,750.00	CR	16,750.00

Step 5: Return to the general journal. In the PR column insert 390 where you just recorded the entry.

GENERAL JOURNAL				Page		13
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	
2015						
Dec	31	Massage Therapy Revenue	400	6,700.00		
		Personal Training Revenue	410	5,300.00		
		Membership Revenue	420	4,750.00		
		Income Summary	320		16,750.00	
		To close the revenue accounts				

Step 6: Repeat the posting procedure for each journal entry in the same manner.

When finished your general journal and general ledger will look like the following samples.

GENERAL JOURNAL					Page	13
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	
2015						
Dec	31	Massage Therapy Revenue	400	6,700.00		
		Personal Training Revenue	410	5,300.00		
		Membership Revenue	420	4,750.00		
		Income Summary	320		16,750.00	
		To close the revenue accounts				
	31	Income Summary	320	14,600.00		
		Advertising Expense	500		2,000.00	
		Stationery Expense	510		125.00	
		Telephone/Internet Expense	520		220.00	
		Utilities Expense	530		380.00	
		Wages Expense	540		11,875.00	
		To close the expense accounts				
	31	Income Summary	320	2,150.00		
		J. Koe, Capital	300		2,150.00	
		To close the income summary account				
	31	J. Koe, Capital	300	1,150.00		
		J. Koe, Drawings	310		1,150.00	
		To close the drawing account				

GENERAL LEDGER							
ACCOUNT	J. Koe, Capital			No.	300		
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Dec	31		✓			CR	169,330.00
	31		J13		2,150.00	CR	171,480.00
	31		J13	1,150.00		CR	170,330.00

GENERAL LEDGER							
ACCOUNT		J. Koe, Drawings				No.	310
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Dec	31		✓			DR	1,150.00
	31		J13		1,150.00		—

GENERAL LEDGER							
ACCOUNT		Income Summary				No.	320
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Dec	31		J13		16,750.00	CR	16,750.00
	31		J13	14,600.00		CR	2,150.00
	31		J13	2,150.00			—

GENERAL LEDGER							
ACCOUNT		Massage Therapy				No.	400
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Dec	31		✓			CR	6,700.00
	31		J13	6,700.00			—

GENERAL LEDGER							
ACCOUNT		Personal Training				No.	410
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Dec	31		✓			CR	5,300.00
	31		J13	5,300.00			—

GENERAL LEDGER							
ACCOUNT		Membership				No.	420
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Dec	31		✓			CR	4,750.00
	31		J13	4,750.00			—

GENERAL LEDGER							
ACCOUNT		Advertising Expense				No.	500
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Dec	31		✓			DR	2,000.00
	31		J13		2,000.00		—

GENERAL LEDGER							
ACCOUNT		Stationery Expense				No.	510
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Dec	31		✓			DR	125.00
	31		J13		125.00		—

GENERAL LEDGER							
ACCOUNT		Telephone/Internet Expense				No.	520
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Dec	31		✓			DR	220.00
	31		J13		220.00		—

GENERAL LEDGER							
ACCOUNT		Utilities Expense				No.	530
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Dec	31		✓			DR	380.00
	31		J13		380.00		—

GENERAL LEDGER							
ACCOUNT		Wages Expense				No.	540
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2015							
Dec	31		✓			DR	11,875.00
	31		J13		11,875.00		—

Notice that capital is the only account that has a balance, since it is a permanent account. The rest of the accounts (revenue, expense, drawings, and income summary) are temporary accounts so they have been closed at the end of the period, and have a zero balance.

## Net Loss Situation

Whenever expenses exceed revenue, a net loss results from that accounting period. During the closing of the ledger, the first two steps—closing the revenue and then expenses into Income Summary—remain the same regardless of whether there is a net income or a net loss.



When a net loss occurs, the remaining **debit balance** (or net loss) in the Income Summary account will be closed to the owner's capital account by debiting capital and crediting Income Summary. This will reduce capital by the amount of the net loss and the Income Summary will be closed to a zero balance.

Step four remains the same, drawings will be closed into capital by debiting capital and crediting drawings.

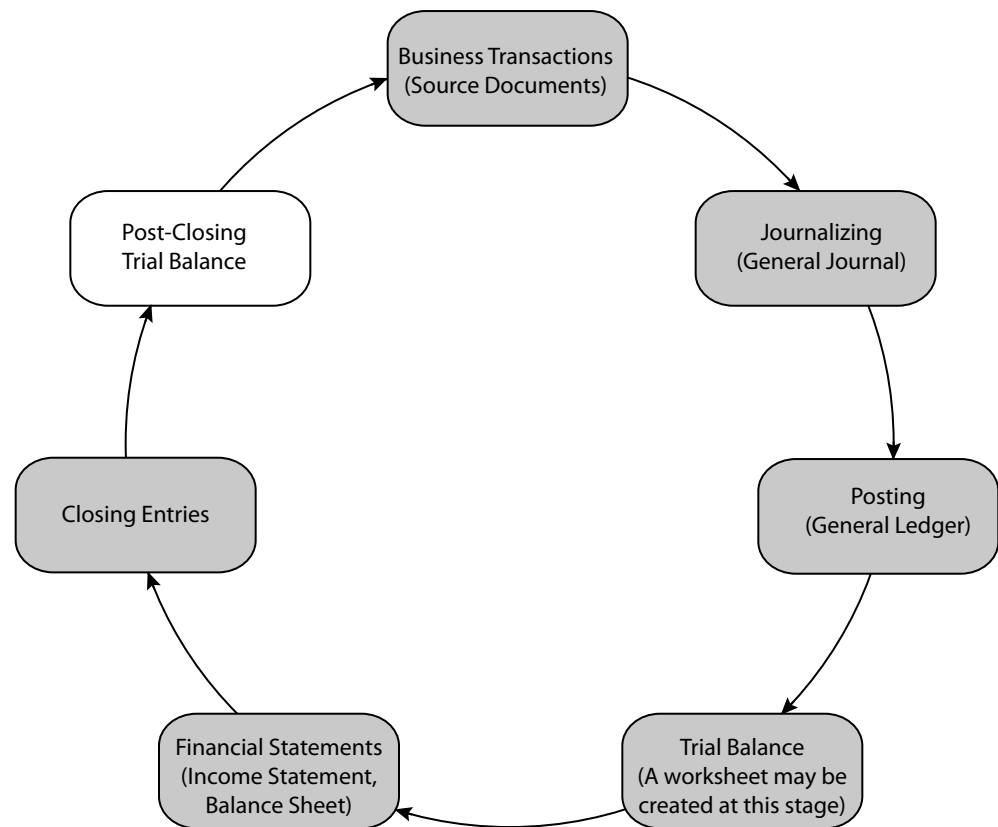
GENERAL JOURNAL		Page 13		
DATE	PARTICULARS	P.R.	DEBIT	CREDIT
2015				
Dec	31			
	Massage Therapy Revenue	400	3,500.00	
	Personal Training Revenue	410	2,800.00	
	Membership Revenue	420	1,700.00	
	Income Summary	320		8,000.00
	To close the revenue accounts			
	31			
	Income Summary	320	9,725.00	
	Advertising Expense	500		500.00
	Stationery Expense	510		125.00
	Telephone/Internet Expense	520		120.00
	Utilities Expense	530		180.00
	Wages Expense	540		8,800.00
	To close the expense accounts			
	31			
	J. Koe, Capital	320	1,725.00	
	Income Summary	300		1,725.00
	To close the income summary account			
	31			
	J. Koe, Capital	300	1,150.00	
	J. Koe, Drawing	310		1,150.00
	To close the drawing account			

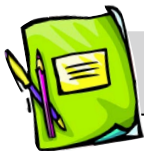
The company has incurred a net loss; therefore, the Income Summary account has a debit balance and must be credited to close it. This becomes a debit to Capital, which is a decrease to Owner's Equity.

## The Accounting Cycle

The standard order in which accounting work is done now includes a seventh step: closing the ledger. The seven steps of the accounting cycle are the following:

1. Transactions occur and source documents are prepared.
2. Transactions are journalized in the general journal, chronologically.
3. Journal entries are posted to the ledger.
4. The trial balance is prepared. A worksheet can be prepared at this time.
5. Financial statements, income statements, and balance sheets are prepared.
6. The ledger is closed with closing entries.
7. The post-closing trial balance is prepared.





## Learning Activity 6.3

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### 1. Blue Grass Lawn Care

- a) Open the file called “Mod 6 LA 6.3 BGLC.”
- b) Use the account information from the general ledger to journalize (on page 15) and post the monthly closing entries.

### 2. Dr. Le Phang, Dentist

- a) Open the file called “Mod 6 LA 6.3 DLPD.”
  - b) Use the account information from the general ledger to journalize (on page 29) and post the monthly closing entries.
- 

## End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 6 Learning Activity Answer Key to ensure that your answers are correct.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next lesson builds on the outcomes you just finished.



## LESSON 4: PREPARING A POST-CLOSING TRIAL BALANCE

### Lesson Focus

By the end of this lesson, you should be able to

- prepare a post-closing trial balance

### Introduction

It is important that accounting records are clear and accurate. The final step in the accounting cycle is to create a post-closing trial balance.

A post-closing trial balance contains only the permanent accounts—Assets, Liabilities, and Capital (the capital account will reflect the updated capital as a result of closing entries).

### Post-Closing Trial Balance

Study the following illustration of a post-closing trial balance. Notice the following:

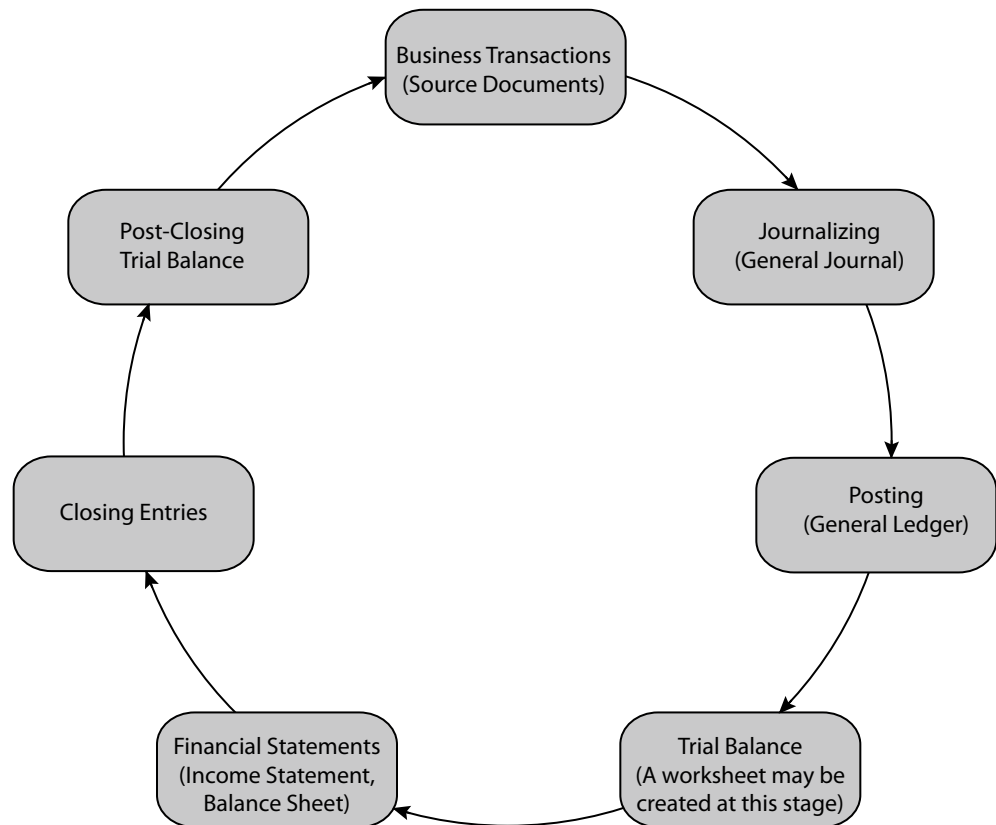
1. Only the permanent accounts appear. Since temporary accounts have a zero balance, they are not included.
2. Owner's Equity (J. Koe, Capital) is now updated. Net income was added and drawings were deducted.

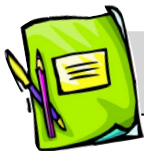
Strong Arm Fitness			
Post-Closing Trial Balance			
December 31, 2015			
Cash	100	\$ 12,600.00	
Accounts Receivable	110	2,700.00	
Equipment	120	67,000.00	
Furniture	130	43,000.00	
Building	140	150,000.00	
Land	150	100,000.00	
Accounts Payable	200		\$ 12,470.00
Bank Loan Payable	210		24,000.00
Mortgage Payable	220		168,500.00
J. Koe, Capital	300		170,330.00
Totals		\$ 375,300.00	\$ 375,300.00

## The Accounting Cycle

You have now completed the last step of the accounting cycle—creating the post-closing trial balance. It is time to review all seven steps.

1. Transactions occur and source documents are prepared.
2. Transactions are journalized chronologically in the general journal.
3. Journal entries are posted to the ledger.
4. The trial balance is prepared. A worksheet may be prepared at this time.
5. Financial statements (income statement and balance sheet) are prepared.
6. The ledger is closed.
7. The post-closing trial balance is prepared.





## Learning Activity 6.4

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1. **Blue Grass Lawn Care**
    - a) Open the file called “Mod 6 LA 6.4 BGLC.”
    - b) Use your general ledger from Learning Activity 6.3 to create a post-closing trial balance.
  2. **Dr. Le Phang, Dentist**
    - a) Open the file called “Mod 6 LA 6.4 DLDP.”
    - b) Use your general ledger from Learning Activity 6.3 to create a post-closing trial balance.
- 

### End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 6 Learning Activity Answer Key to ensure that your answers are correct.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next lesson builds on the outcomes you just finished.



## Assignment 6.1

You are about to start the sixth assignment that will be submitted to the Distance Learning Unit. This assignment is based on the Learning Activities that you have already completed. For each question, note the amount of marks it is worth. Any errors will cause a loss of mark(s). Check your work carefully before submitting it.

### 1. Snips Hair Care

- Open the file "Mod 6 A1." Save the file as "Your Name Mod 6 A1."
- Use the following Snips Hair Care trial balance to create a worksheet for the month of November. (10 marks)

Snips Hair Care			
Trial Balance			
November 30, 20XX			
Cash	100	\$ 6,773.00	
Accounts Receivable	110	958.00	
Supplies	120	450.00	
Equipment	130	9,000.00	
Furniture	140	7,900.00	
Accounts Payable	200		\$ 3,650.00
Bank Loan Payable	210		6,400.00
I. Kutz, Capital	300		13,337.00
I. Kutz, Drawings	310	1,250.00	
Service Revenue	400		8,309.00
Advertising Expense	500	800.00	
Communications Expense	510	155.00	
Rent Expense	520	800.00	
Utilities Expense	530	110.00	
Wages Expense	540	3,500.00	
Totals		\$ 31,696.00	\$ 31,696.00

- Create an updated income statement for Snips Hair Care. (3 marks)
- Create a classified balance sheet for Snips Hair Care. (10 marks)
- Journalize the closing entries. Start on general journal page 18. (8 marks)
- Post the closing entries to general ledger. (2 marks)
- Create a post-closing trial balance. (2 marks)

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## Notes

## MODULE 6 SUMMARY

Congratulations on completing Module 6! You have officially completed the accounting cycle. You now know how to create a worksheet and classified financial statements. You can close the ledger and are able to create a post-closing trial balance.

In Module 7, you will learn about cash control. You will prepare and journalize a daily cash summary, record purchases with GST and PST, establish and replenish a petty cash fund, and prepare and journalize a bank reconciliation statement.



### Submitting Your Assignments

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It is now time for you to submit Assignment 6.1 to the Distance Learning Unit so that you can receive some feedback on how you are doing in this course. Remember that you must submit all the assignments in this course before you can receive your credit.

Make sure you have completed all parts of your Module 6 assignment and organize your material in the following order:

- Module 6 Cover Sheet (found at the end of the course Introduction)
- Assignment 6.1
  - Excel File “Mod 6 A1”
    - Worksheet
    - Income Statement
    - Balance Sheet
    - General Journal
    - General Ledger
    - Post-Closing Trial Balance

For instructions on submitting your assignment, refer to How to Submit Assignments in the course introduction.

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## Notes





GRADE 11 ACCOUNTING  
ESSENTIALS (30S)

Module 6  
The Worksheet

Learning Activity Answer Key



# MODULE 6: THE WORKSHEET

## Learning Activity 6.1

### 1. Blue Grass Lawn Care

- a) Open the file called “Mod 6 LA 6.1 BGLC.”
- b) The April 30, 20XX, trial balance for Blue Grass Lawn Care follows. Use the accounts balances to create a worksheet for the month.

Blue Grass Lawn Care			
Trial Balance			
April 30, 20XX			
Cash	100	\$ 7,391.00	
Accounts Receivable	110	1,430.00	
Equipment	120	6,000.00	
Accounts Payable	200		\$ 980.00
Bank Loan Payable	210		6,800.00
M. Clemmons, Capital	300		6,400.00
M. Clemmons, Drawings	310	1,800.00	
Lawn Maintenance Revenue	400		3,745.00
Landscaping Revenue	410		2,876.00
Advertising Expense	500	420.00	
Gas Expense	510	365.00	
Phone Expense	520	120.00	
Utilities Expense	530	100.00	
Wages Expense	540	3,175.00	
<b>Totals</b>		<b>\$ 20,801.00</b>	<b>\$ 20,801.00</b>

Answer:

Blue Grass Lawn Care							
Worksheet							
For the Month Ended April 30, 20XX							
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	7,391.00				7,391.00	
Accounts Receivable	110	1,430.00				1,430.00	
Equipment	120	6,000.00				6,000.00	
Accounts Payable	200		980.00				980.00
Bank Loan Payable	210		6,800.00				6,800.00
M. Clemmons, Capital	300		6,400.00				6,400.00
M. Clemmons, Drawings	310	1,800.00				1,800.00	
Lawn Maintenance Revenue	400		3,745.00		3,745.00		
Landscaping Revenue	410		2,876.00		2,876.00		
Advertising Expense	500	420.00		420.00			
Gas Expense	510	365.00		365.00			
Phone Expense	520	120.00		120.00			
Utilities Expense	530	100.00		100.00			
Wages Expense	540	3,175.00		3,175.00			
		20,801.00	20,801.00	4,180.00	6,621.00	16,621.00	14,180.00
Net Income				2,441.00			2,441.00
				6,621.00	6,621.00	16,621.00	16,621.00

2. **Dr. Le Phang, Dentist**

- a) Open the file called “Mod 6 LA 6.1 DLPD.”
- b) The October 31, 20XX, trial balance for Dr. Le Phang, Dentist follows. Use the accounts balances to create a worksheet for the month.

Dr. Le Phang, Dentist			
Trial Balance			
October 31, 20XX			
Cash	100	\$ 8,065.00	
Accounts Receivable	110	2,300.00	
Dental Supplies	120	1,035.00	
Equipment	130	13,150.00	
Furniture	140	12,780.00	
Building	150	45,000.00	
Land	160	25,000.00	
Accounts Payable	200		\$ 12,730.00
Bank Loan Payable	210		7,200.00
Mortgage Payable	220		47,000.00
L. Phang, Capital	300		57,335.00
L. Phang, Drawings	310	15,400.00	
Dental Fees	400		5,000.00
Advertising Expense	500	1,450.00	
Cable Expense	510	65.00	
Dental Supplies Expense	520	490.00	
Insurance Expense	530	250.00	
Office Cleaning Expense	540	250.00	
Salaries Expense	550	3,750.00	
Telephone/Internet Expense	560	120.00	
Utilities Expense	570	160.00	
Totals		\$ 129,265.00	\$ 129,265.00

Answer:

Dr. Le Phang, Dentist							
Worksheet							
For the Month Ended October 31, 20XX							
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	8,065.00				8,065.00	
Accounts Receivable	110	2,300.00				2,300.00	
Dental Supplies	120	1,035.00				1,035.00	
Equipment	130	13,150.00				13,150.00	
Furniture	140	12,780.00				12,780.00	
Building	150	45,000.00				45,000.00	
Land	160	25,000.00				25,000.00	
Accounts Payable	200		12,730.00				12,730.00
Bank Loan Payable	210		7,200.00				7,200.00
Mortgage Payable	220		47,000.00				47,000.00
L. Phang, Capital	300		57,335.00				57,335.00
L. Phang, Drawings	310	15,400.00				15,400.00	
Dental Fees	400		5,000.00		5,000.00		
Advertising Expense	500	1,450.00		1,450.00			
Cable Expense	510	65.00		65.00			
Dental Supplies Expense	520	490.00		490.00			
Insurance Expense	530	250.00		250.00			
Office Cleaning Expense	540	250.00		250.00			
Salaries Expense	550	3,750.00		3,750.00			
Telephone/Internet Expense	560	120.00		120.00			
Utilities Expense	570	160.00		160.00			
		129,265.00	129,265.00	6,535.00	5,000.00	122,730.00	124,265.00
Net Loss					1,535.00	1,535.00	
				6,535.00	6,535.00	124,265.00	124,265.00

## Learning Activity 6.2

### 1. Blue Grass Lawn Care

- Open the file called "Mod 6 LA 6.2 BGLC."
- Using the worksheet from Learning Activity 6.1, create an income statement and a classified report form balance sheet.

*Answer:*

Blue Grass Lawn Care		
Income Statement		
For the Month Ended April 30, 20XX		
Revenue:		
Lawn Maintenance Revenue	\$ 3,745.00	
Landscaping Revenue	2,876.00	\$ 6,621.00
Expenses:		
Advertising Expense	\$ 420.00	
Gas Expense	365.00	
Phone Expense	120.00	
Utilities Expense	100.00	
Wages Expense	3,175.00	4,180.00
Net Income		\$ 2,441.00

Blue Grass Lawn Care			
Balance Sheet			
April 30, 20XX			
<b>Assets</b>			
<b>Current Assets</b>			
Cash		\$ 7,391.00	
Accounts Receivable		1,430.00	
Total Current Assets			\$ 8,821.00
<b>Fixed Assets</b>			
Equipment			6,000.00
Total Assets			\$ 14,821.00
<b>Liabilities and Owner's Equity</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable		\$ 980.00	
Bank Loan Payable		6,800.00	
Total Liabilities			\$ 7,780.00
<b>Owner's Equity</b>			
M. Clemmons, Capital—April 1		\$ 6,400.00	
Add: Net Income	\$ 2,441.00		
Less: M. Clemmons, Drawings	1,800.00		
Increase in Capital		641.00	
M. Clemmons, Capital—April 30			7,041.00
Total Liabilities and Owner's Equity			\$ 14,821.00



**Note:** Since there is only one fixed asset account, there is no need to double up numbers by having a “Total Fixed Asset” account. Instead, move the “Equipment” amount to the last column.



2. **Dr. Le Phang, Dentist**

- a) Open the file called "Mod 6 LA 6.2 DLPD."
- b) Using the worksheet from Learning Activity 6.1 create an income statement and a classified report form balance sheet for Dr. Le Phang, Dentist.

*Answer:*

Dr. Le Phang, Dentist		
Income Statement		
For the Month Ended October 31, 20XX		
Revenue:		
Dental Fees		\$ 5,000.00
Expenses:		
Advertising Expense	\$ 1,450.00	
Cable Expense	65.00	
Dental Supplies Expense	490.00	
Insurance Expense	250.00	
Office Cleaning Expense	250.00	
Salaries Expense	3,750.00	
Telephone/Internet Expense	120.00	
Utilities Expense	160.00	6,535.00
Net Loss		\$ (1,535.00)

Dr. Le Phang, Dentist			
Balance Sheet			
October 31, 20XX			
<b>Assets</b>			
<b>Current Assets</b>			
Cash		\$ 8,065.00	
Accounts Receivable		2,300.00	
Dental Supplies		1,035.00	
Total Current Assets			\$ 11,400.00
<b>Fixed Assets</b>			
Equipment		\$ 13,150.00	
Furniture		12,780.00	
Building		45,000.00	
Land		25,000.00	
Total Fixed Assets			95,930.00
Total Assets			<u>\$ 107,330.00</u>
<b>Liabilities and Owner's Equity</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable		\$ 12,730.00	
Bank Loan Payable		7,200.00	
Total Current Liabilities			\$ 19,930.00
<b>Long-Term Liabilities</b>			
Mortgage Payable			47,000.00
Total Liabilities			<u>\$ 66,930.00</u>
<b>Owner's Equity</b>			
L. Phang, Capital—October 1		\$ 57,335.00	
Less: Net Loss	\$ 1,535.00		
Less: L. Phang, Drawings	15,400.00		
Decrease in Capital		16,935.00	
L. Phang, Capital—October 31			40,400.00
Total Liabilities and Owner's Equity			<u>\$ 107,330.00</u>

## Learning Activity 6.3

### 1. Blue Grass Lawn Care

- Open the file called "Mod 6 LA 6.3 BGLC."
- Use the account information from the general ledger to journalize (on page 15) and post the monthly closing entries.

*Answer – General Journal:*

GENERAL JOURNAL			Page		15
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Apr	30	Lawn Maintenance Revenue	400	3,745.00	
		Landscaping Revenue	410	2,876.00	
		Income Summary	320		6,621.00
		To close the revenue accounts			
	30	Income Summary	320	4,180.00	
		Advertising Expense	500		420.00
		Gas Expense	510		365.00
		Phone Expense	520		120.00
		Utilities Expense	530		100.00
		Wages Expense	540		3,175.00
		To close the expense accounts			
	30	Income Summary	320	2,441.00	
		M. Clemmons, Capital	300		2,441.00
		To close the income summary account			
	30	M. Clemmons, Capital	300	1,800.00	
		M. Clemmons, Drawings	310		1,800.00
		To close the drawings account			

Answer – General Ledger:

GENERAL LEDGER						
ACCOUNT		M. Clemmons, Capital			No.	300
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Apr	30		✓			6,400.00
	30		J15		2,441.00	8,841.00
	30		J15	1,800.00		7,041.00

GENERAL LEDGER						
ACCOUNT		M. Clemmons, Drawings			No.	310
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Apr	30		✓			1,800.00
	30		J15		1,800.00	—

GENERAL LEDGER						
ACCOUNT		Income Summary			No.	320
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Apr	30		J15		6,621.00	6,621.00
	30		J15	4,180.00		2,441.00
	30		J15	2,441.00		—

GENERAL LEDGER						
ACCOUNT		Lawn Maintenance Revenue			No.	400
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Apr	30		✓			3,745.00
	30		J15	3,745.00		—

GENERAL LEDGER							
ACCOUNT	Landscaping Revenue					No.	410
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Apr	30		✓			CR	2,876.00
	30		J15	2,876.00			—

GENERAL LEDGER							
ACCOUNT	Advertising Expense					No.	500
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Apr	30		✓			DR	420.00
	30		J15		420.00		—

GENERAL LEDGER							
ACCOUNT	Gas Expense					No.	510
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Apr	30		✓			DR	365.00
	30		J15		365.00		—

GENERAL LEDGER							
ACCOUNT	Phone Expense					No.	520
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Apr	30		✓			DR	120.00
	30		J15		120.00		—

GENERAL LEDGER						
ACCOUNT		Utilities Expense			No.	530
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Apr	30		✓			DR 100.00
	30		J15		100.00	—

GENERAL LEDGER						
ACCOUNT		Wages Expense			No.	540
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Apr	30		✓			DR 3,175.00
	30		J15		3,175.00	—



**Note:** It is not necessary to change the “-” to “0.00”. It was done in the example to show that there is zero dollars in each account.

2. **Dr. Le Phang, Dentist**

- a) Open the file called “Mod 6 LA 6.3 DLPD.”
- b) Use the account information from the general ledger to journalize (on page 29) and post the monthly closing entries.

*Answer – General Journal:*

GENERAL JOURNAL			Page		29
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Oct	31	Dental Fees	400	5,000.00	
		Income Summary	320		5,000.00
		To close the revenue account			
	31	Income Summary	320	6,535.00	
		Advertising Expense	500		1,450.00
		Cable Expense	510		65.00
		Dental Supplies Expense	520		490.00
		Insurance Expense	530		250.00
		Office Cleaning Expense	540		250.00
		Salaries Expense	550		3,750.00
		Telephone/Internet Expense	560		120.00
		Utilities Expense	570		160.00
		To close the expense accounts			
	31	L. Phang, Capital	300	1,535.00	
		Income Summary	320		1,535.00
		To close the income summary account			
	31	L. Phang, Capital	300	15,400.00	
		L. Phang, Drawings	310		15,400.00
		To close the drawings account			

Answer – General Ledger:

GENERAL LEDGER							
ACCOUNT L. Phang, Capital						No.	300
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Oct	31		✓			CR	57,335.00
	31		J29	1,535.00		CR	55,800.00
	31		J29	15,400.00		CR	40,400.00

GENERAL LEDGER							
ACCOUNT L. Phang, Drawings						No.	310
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Oct	31		✓			DR	15,400.00
	31		J29		15,400.00		—

GENERAL LEDGER							
ACCOUNT Income Summary						No.	320
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Oct	31		J29		5,000.00	CR	5,000.00
	31		J29	6,535.00		CR	1,535.00
	31		J29		1,535.00	CR	—

GENERAL LEDGER							
ACCOUNT Dental Fees						No.	400
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Oct	31		✓			CR	5,000.00
	31		J29	5,000.00			—



GENERAL LEDGER							
ACCOUNT		Advertising Expense				No.	500
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Oct	31		✓			DR	1,450.00
	31		J29		1,450.00		—

GENERAL LEDGER							
ACCOUNT		Cable Expense				No.	510
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Oct	31		✓			DR	65.00
	31		J29		65.00		—

GENERAL LEDGER							
ACCOUNT		Dental Supplies Expense				No.	520
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Oct	31		✓			DR	490.00
	31		J29		490.00		—

GENERAL LEDGER							
ACCOUNT		Insurance Expense				No.	530
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Oct	31		✓			DR	250.00
	31		J29		250.00		—

GENERAL LEDGER							
ACCOUNT Office Cleaning Expense					No.	540	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Oct	31		✓			DR	250.00
	31		J29		250.00		—

GENERAL LEDGER							
ACCOUNT Salaries Expense					No.	550	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Oct	31		✓			DR	3,750.00
	31		J29		3,750.00		—

GENERAL LEDGER							
ACCOUNT Telephone/Internet Expense					No.	560	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Oct	31		✓			DR	120.00
	31		J29		120.00		—

GENERAL LEDGER							
ACCOUNT Utilities Expense					No.	570	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Oct	31		✓			DR	160.00
	31		J29		160.00		—

## Learning Activity 6.4

### 1. Blue Grass Lawn Care

- Open the file called "Mod 6 LA 6.4 BGLC."
- Use your general ledger from Learning Activity 6.3 to create a post-closing trial balance.

*Answer:*

Blue Grass Lawn Care			
Post-Closing Trial Balance			
April 30, 20XX			
Cash	100	\$ 7,391.00	
Accounts Receivable	110	1,430.00	
Equipment	120	6,000.00	
Accounts Payable	200		\$ 980.00
Bank Loan Payable	210		6,800.00
M. Clemmons, Capital	300		7,041.00
Totals		\$ 14,821.00	\$ 14,821.00

### 2. Dr. Le Phang, Dentist

- Open the file called "Mod 6 LA 6.4 DLDP."
- Use your general ledger from Learning Activity 6.3 to create a post-closing trial balance.

*Answer:*

Dr. L. Phang, Dentist			
Post-Closing Trial Balance			
October 31, 20XX			
Cash	100	\$ 8,065.00	
Accounts Receivable	110	2,300.00	
Dental Supplies	120	1,035.00	
Equipment	130	13,150.00	
Furniture	140	12,780.00	
Building	150	45,000.00	
Land	160	25,000.00	
Accounts Payable	200		\$ 12,730.00
Bank Loan Payable	210		7,200.00
Mortgage Payable	220		47,000.00
L. Phang, Capital	300		40,400.00
Totals		\$ 107,330.00	\$ 107,330.00

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## Notes

## MODULE 6 SUMMARY

Congratulations on completing Module 6! You have officially completed the accounting cycle. You now know how to create a worksheet and classified financial statements. You can close the ledger and are able to create a post-closing trial balance.

In Module 7, you will learn about cash control. You will prepare and journalize a daily cash summary, record purchases with GST and PST, establish and replenish a petty cash fund, and prepare and journalize a bank reconciliation statement.



### Submitting Your Assignments

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It is now time for you to submit Assignment 6.1 to the Distance Learning Unit so that you can receive some feedback on how you are doing in this course. Remember that you must submit all the assignments in this course before you can receive your credit.

Make sure you have completed all parts of your Module 6 assignment and organize your material in the following order:

- Module 6 Cover Sheet (found at the end of the course Introduction)
- Assignment 6.1
  - Excel File “Mod 6 A1”
    - Worksheet
    - Income Statement
    - Balance Sheet
    - General Journal
    - General Ledger
    - Post-Closing Trial Balance

For instructions on submitting your assignment, refer to How to Submit Assignments in the course introduction.

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## Notes



GRADE 11 ACCOUNTING  
ESSENTIALS (30S)

Module 6  
The Worksheet

Learning Activity Answer Key





# MODULE 6: THE WORKSHEET

## Learning Activity 6.1

### 1. Blue Grass Lawn Care

- a) Open the file called “Mod 6 LA 6.1 BGLC.”
- b) The April 30, 20XX, trial balance for Blue Grass Lawn Care follows. Use the accounts balances to create a worksheet for the month.

Blue Grass Lawn Care			
Trial Balance			
April 30, 20XX			
Cash	100	\$ 7,391.00	
Accounts Receivable	110	1,430.00	
Equipment	120	6,000.00	
Accounts Payable	200		\$ 980.00
Bank Loan Payable	210		6,800.00
M. Clemmons, Capital	300		6,400.00
M. Clemmons, Drawings	310	1,800.00	
Lawn Maintenance Revenue	400		3,745.00
Landscaping Revenue	410		2,876.00
Advertising Expense	500	420.00	
Gas Expense	510	365.00	
Phone Expense	520	120.00	
Utilities Expense	530	100.00	
Wages Expense	540	3,175.00	
<b>Totals</b>		<b>\$ 20,801.00</b>	<b>\$ 20,801.00</b>

Answer:

Blue Grass Lawn Care							
Worksheet							
For the Month Ended April 30, 20XX							
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	7,391.00				7,391.00	
Accounts Receivable	110	1,430.00				1,430.00	
Equipment	120	6,000.00				6,000.00	
Accounts Payable	200		980.00				980.00
Bank Loan Payable	210		6,800.00				6,800.00
M. Clemmons, Capital	300		6,400.00				6,400.00
M. Clemmons, Drawings	310	1,800.00				1,800.00	
Lawn Maintenance Revenue	400		3,745.00		3,745.00		
Landscaping Revenue	410		2,876.00		2,876.00		
Advertising Expense	500	420.00		420.00			
Gas Expense	510	365.00		365.00			
Phone Expense	520	120.00		120.00			
Utilities Expense	530	100.00		100.00			
Wages Expense	540	3,175.00		3,175.00			
		20,801.00	20,801.00	4,180.00	6,621.00	16,621.00	14,180.00
Net Income				2,441.00			2,441.00
				6,621.00	6,621.00	16,621.00	16,621.00

2. **Dr. Le Phang, Dentist**

- a) Open the file called “Mod 6 LA 6.1 DLPD.”
- b) The October 31, 20XX, trial balance for Dr. Le Phang, Dentist follows. Use the accounts balances to create a worksheet for the month.

Dr. Le Phang, Dentist			
Trial Balance			
October 31, 20XX			
Cash	100	\$ 8,065.00	
Accounts Receivable	110	2,300.00	
Dental Supplies	120	1,035.00	
Equipment	130	13,150.00	
Furniture	140	12,780.00	
Building	150	45,000.00	
Land	160	25,000.00	
Accounts Payable	200		\$ 12,730.00
Bank Loan Payable	210		7,200.00
Mortgage Payable	220		47,000.00
L. Phang, Capital	300		57,335.00
L. Phang, Drawings	310	15,400.00	
Dental Fees	400		5,000.00
Advertising Expense	500	1,450.00	
Cable Expense	510	65.00	
Dental Supplies Expense	520	490.00	
Insurance Expense	530	250.00	
Office Cleaning Expense	540	250.00	
Salaries Expense	550	3,750.00	
Telephone/Internet Expense	560	120.00	
Utilities Expense	570	160.00	
Totals		\$ 129,265.00	\$ 129,265.00

Answer:

Dr. Le Phang, Dentist							
Worksheet							
For the Month Ended October 31, 20XX							
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	8,065.00				8,065.00	
Accounts Receivable	110	2,300.00				2,300.00	
Dental Supplies	120	1,035.00				1,035.00	
Equipment	130	13,150.00				13,150.00	
Furniture	140	12,780.00				12,780.00	
Building	150	45,000.00				45,000.00	
Land	160	25,000.00				25,000.00	
Accounts Payable	200		12,730.00				12,730.00
Bank Loan Payable	210		7,200.00				7,200.00
Mortgage Payable	220		47,000.00				47,000.00
L. Phang, Capital	300		57,335.00				57,335.00
L. Phang, Drawings	310	15,400.00				15,400.00	
Dental Fees	400		5,000.00		5,000.00		
Advertising Expense	500	1,450.00		1,450.00			
Cable Expense	510	65.00		65.00			
Dental Supplies Expense	520	490.00		490.00			
Insurance Expense	530	250.00		250.00			
Office Cleaning Expense	540	250.00		250.00			
Salaries Expense	550	3,750.00		3,750.00			
Telephone/Internet Expense	560	120.00		120.00			
Utilities Expense	570	160.00		160.00			
		129,265.00	129,265.00	6,535.00	5,000.00	122,730.00	124,265.00
Net Loss					1,535.00	1,535.00	
				6,535.00	6,535.00	124,265.00	124,265.00

## Learning Activity 6.2

### 1. Blue Grass Lawn Care

- Open the file called "Mod 6 LA 6.2 BGLC."
- Using the worksheet from Learning Activity 6.1, create an income statement and a classified report form balance sheet.

*Answer:*

Blue Grass Lawn Care		
Income Statement		
For the Month Ended April 30, 20XX		
Revenue:		
Lawn Maintenance Revenue	\$ 3,745.00	
Landscaping Revenue	2,876.00	\$ 6,621.00
Expenses:		
Advertising Expense	\$ 420.00	
Gas Expense	365.00	
Phone Expense	120.00	
Utilities Expense	100.00	
Wages Expense	3,175.00	4,180.00
Net Income		\$ 2,441.00

Blue Grass Lawn Care			
Balance Sheet			
April 30, 20XX			
<b>Assets</b>			
<b>Current Assets</b>			
Cash		\$ 7,391.00	
Accounts Receivable		1,430.00	
Total Current Assets			\$ 8,821.00
<b>Fixed Assets</b>			
Equipment			6,000.00
Total Assets			\$ 14,821.00
<b>Liabilities and Owner's Equity</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable		\$ 980.00	
Bank Loan Payable		6,800.00	
Total Liabilities			\$ 7,780.00
<b>Owner's Equity</b>			
M. Clemmons, Capital—April 1		\$ 6,400.00	
Add: Net Income	\$ 2,441.00		
Less: M. Clemmons, Drawings	1,800.00		
Increase in Capital		641.00	
M. Clemmons, Capital—April 30			7,041.00
Total Liabilities and Owner's Equity			\$ 14,821.00



**Note:** Since there is only one fixed asset account, there is no need to double up numbers by having a “Total Fixed Asset” account. Instead, move the “Equipment” amount to the last column.

2. **Dr. Le Phang, Dentist**

- a) Open the file called "Mod 6 LA 6.2 DLPD."
- b) Using the worksheet from Learning Activity 6.1 create an income statement and a classified report form balance sheet for Dr. Le Phang, Dentist.

*Answer:*

Dr. Le Phang, Dentist		
Income Statement		
For the Month Ended October 31, 20XX		
Revenue:		
Dental Fees		\$ 5,000.00
Expenses:		
Advertising Expense	\$ 1,450.00	
Cable Expense	65.00	
Dental Supplies Expense	490.00	
Insurance Expense	250.00	
Office Cleaning Expense	250.00	
Salaries Expense	3,750.00	
Telephone/Internet Expense	120.00	
Utilities Expense	160.00	6,535.00
Net Loss		\$ (1,535.00)

Dr. Le Phang, Dentist			
Balance Sheet			
October 31, 20XX			
<b>Assets</b>			
<b>Current Assets</b>			
Cash		\$ 8,065.00	
Accounts Receivable		2,300.00	
Dental Supplies		1,035.00	
Total Current Assets			\$ 11,400.00
<b>Fixed Assets</b>			
Equipment		\$ 13,150.00	
Furniture		12,780.00	
Buildilng		45,000.00	
Land		25,000.00	
Total Fixed Assets			95,930.00
Total Assets			<u>\$ 107,330.00</u>
<b>Liabilities and Owner's Equity</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable		\$ 12,730.00	
Bank Loan Payable		7,200.00	
Total Current Liabilities			\$ 19,930.00
<b>Long-Term Liabilities</b>			
Mortgage Payable			47,000.00
Total Liabilities			\$ 66,930.00
<b>Owner's Equity</b>			
L. Phang, Capital—October 1		\$ 57,335.00	
Less: Net Loss	\$ 1,535.00		
Less: L. Phang, Drawings	15,400.00		
Decrease in Capital		16,935.00	
L. Phang, Capital—October 31			40,400.00
Total Liabilities and Owner's Equity			<u>\$ 107,330.00</u>



## Learning Activity 6.3

### 1. Blue Grass Lawn Care

- Open the file called "Mod 6 LA 6.3 BGLC."
- Use the account information from the general ledger to journalize (on page 15) and post the monthly closing entries.

*Answer – General Journal:*

GENERAL JOURNAL			Page		15
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Apr	30	Lawn Maintenance Revenue	400	3,745.00	
		Landscaping Revenue	410	2,876.00	
		Income Summary	320		6,621.00
		To close the revenue accounts			
	30	Income Summary	320	4,180.00	
		Advertising Expense	500		420.00
		Gas Expense	510		365.00
		Phone Expense	520		120.00
		Utilities Expense	530		100.00
		Wages Expense	540		3,175.00
		To close the expense accounts			
	30	Income Summary	320	2,441.00	
		M. Clemmons, Capital	300		2,441.00
		To close the income summary account			
	30	M. Clemmons, Capital	300	1,800.00	
		M. Clemmons, Drawings	310		1,800.00
		To close the drawings account			

Answer – General Ledger:

GENERAL LEDGER							
ACCOUNT		M. Clemmons, Capital				No.	300
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Apr	30		✓			CR	6,400.00
	30		J15		2,441.00	CR	8,841.00
	30		J15	1,800.00		CR	7,041.00

GENERAL LEDGER							
ACCOUNT		M. Clemmons, Drawings				No.	310
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Apr	30		✓			DR	1,800.00
	30		J15		1,800.00		—

GENERAL LEDGER							
ACCOUNT		Income Summary				No.	320
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Apr	30		J15		6,621.00	CR	6,621.00
	30		J15	4,180.00		CR	2,441.00
	30		J15	2,441.00		CR	—

GENERAL LEDGER							
ACCOUNT		Lawn Maintenance Revenue				No.	400
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Apr	30		✓			CR	3,745.00
	30		J15	3,745.00			—

GENERAL LEDGER							
ACCOUNT	Landscaping Revenue					No.	410
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Apr	30		✓			CR	2,876.00
	30		J15	2,876.00			—

GENERAL LEDGER							
ACCOUNT	Advertising Expense					No.	500
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Apr	30		✓			DR	420.00
	30		J15		420.00		—

GENERAL LEDGER							
ACCOUNT	Gas Expense					No.	510
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Apr	30		✓			DR	365.00
	30		J15		365.00		—

GENERAL LEDGER							
ACCOUNT	Phone Expense					No.	520
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Apr	30		✓			DR	120.00
	30		J15		120.00		—

GENERAL LEDGER						
ACCOUNT		Utilities Expense			No.	530
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Apr	30		✓			DR 100.00
	30		J15		100.00	—

GENERAL LEDGER						
ACCOUNT		Wages Expense			No.	540
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
20xx						
Apr	30		✓			DR 3,175.00
	30		J15		3,175.00	—



**Note:** It is not necessary to change the “-” to “0.00”. It was done in the example to show that there is zero dollars in each account.

2. **Dr. Le Phang, Dentist**

- a) Open the file called “Mod 6 LA 6.3 DLPD.”
- b) Use the account information from the general ledger to journalize (on page 29) and post the monthly closing entries.

*Answer – General Journal:*

GENERAL JOURNAL			Page		29
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Oct	31	Dental Fees	400	5,000.00	
		Income Summary	320		5,000.00
		To close the revenue account			
	31	Income Summary	320	6,535.00	
		Advertising Expense	500		1,450.00
		Cable Expense	510		65.00
		Dental Supplies Expense	520		490.00
		Insurance Expense	530		250.00
		Office Cleaning Expense	540		250.00
		Salaries Expense	550		3,750.00
		Telephone/Internet Expense	560		120.00
		Utilities Expense	570		160.00
		To close the expense accounts			
	31	L. Phang, Capital	300	1,535.00	
		Income Summary	320		1,535.00
		To close the income summary account			
	31	L. Phang, Capital	300	15,400.00	
		L. Phang, Drawings	310		15,400.00
		To close the drawings account			

Answer – General Ledger:

GENERAL LEDGER							
ACCOUNT L. Phang, Capital						No.	300
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Oct	31		✓			CR	57,335.00
	31		J29	1,535.00		CR	55,800.00
	31		J29	15,400.00		CR	40,400.00

GENERAL LEDGER							
ACCOUNT L. Phang, Drawings						No.	310
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Oct	31		✓			DR	15,400.00
	31		J29		15,400.00		—

GENERAL LEDGER							
ACCOUNT Income Summary						No.	320
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Oct	31		J29		5,000.00	CR	5,000.00
	31		J29	6,535.00		CR	1,535.00
	31		J29		1,535.00	CR	—

GENERAL LEDGER							
ACCOUNT Dental Fees						No.	400
DATE	PARTICULARS		P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Oct	31		✓			CR	5,000.00
	31		J29	5,000.00			—

GENERAL LEDGER							
ACCOUNT		Advertising Expense				No.	500
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Oct	31		✓			DR	1,450.00
	31		J29		1,450.00		—

GENERAL LEDGER							
ACCOUNT		Cable Expense				No.	510
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Oct	31		✓			DR	65.00
	31		J29		65.00		—

GENERAL LEDGER							
ACCOUNT		Dental Supplies Expense				No.	520
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Oct	31		✓			DR	490.00
	31		J29		490.00		—

GENERAL LEDGER							
ACCOUNT		Insurance Expense				No.	530
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Oct	31		✓			DR	250.00
	31		J29		250.00		—

GENERAL LEDGER							
ACCOUNT Office Cleaning Expense					No.	540	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Oct	31		✓			DR	250.00
	31		J29		250.00		—

GENERAL LEDGER							
ACCOUNT Salaries Expense					No.	550	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Oct	31		✓			DR	3,750.00
	31		J29		3,750.00		—

GENERAL LEDGER							
ACCOUNT Telephone/Internet Expense					No.	560	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Oct	31		✓			DR	120.00
	31		J29		120.00		—

GENERAL LEDGER							
ACCOUNT Utilities Expense					No.	570	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Oct	31		✓			DR	160.00
	31		J29		160.00		—



## Learning Activity 6.4

### 1. Blue Grass Lawn Care

- Open the file called "Mod 6 LA 6.4 BGLC."
- Use your general ledger from Learning Activity 6.3 to create a post-closing trial balance.

*Answer:*

Blue Grass Lawn Care			
Post-Closing Trial Balance			
April 30, 20XX			
Cash	100	\$ 7,391.00	
Accounts Receivable	110	1,430.00	
Equipment	120	6,000.00	
Accounts Payable	200		\$ 980.00
Bank Loan Payable	210		6,800.00
M. Clemmons, Capital	300		7,041.00
Totals		\$ 14,821.00	\$ 14,821.00

### 2. Dr. Le Phang, Dentist

- Open the file called "Mod 6 LA 6.4 DLDP."
- Use your general ledger from Learning Activity 6.3 to create a post-closing trial balance.

*Answer:*

Dr. L. Phang, Dentist			
Post-Closing Trial Balance			
October 31, 20XX			
Cash	100	\$ 8,065.00	
Accounts Receivable	110	2,300.00	
Dental Supplies	120	1,035.00	
Equipment	130	13,150.00	
Furniture	140	12,780.00	
Building	150	45,000.00	
Land	160	25,000.00	
Accounts Payable	200		\$ 12,730.00
Bank Loan Payable	210		7,200.00
Mortgage Payable	220		47,000.00
L. Phang, Capital	300		40,400.00
Totals		\$ 107,330.00	\$ 107,330.00

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## Notes

## **Supporting Videos for Grade 11 Accounting**

### Module 6

1. [Video - Balance Sheet and Income Statement](#)
2. [Video - 6 Column Worksheet](#)
3. [Video - Adjusted Trial Balance](#)
4. [Video - Financial Statements Explained in One Minute: Balance Sheet, Income Statement, Cash Flow Statement](#)
5. [Video - Flipped Accounting Lesson 1 - Six Column Worksheet](#)
6. [Video - How to Prepare a Trial Balance Accounting Principles](#)
7. [Video - What Is a Balance Sheet? Balance Sheet Definition And Examples](#)



GRADE 11 ACCOUNTING  
ESSENTIALS (30S)

Module 7  
Cash Control



# MODULE 7: CASH CONTROL

## Introduction

This module introduces various methods that a company uses to ensure that its cash is secure. It is important for every business to have checks in place to protect itself from its employees, its customers, and anyone involved with the business.

This module introduces the control of cash receipts, petty cash, and records required for banking transactions.

There are learning activities at the end of each lesson. The learning activities will help you prepare for the assignment. Remember, every module builds on the last, so it is important that you understand the concepts before moving on.

## Assignments in Module 7

When you have completed the assignment for Module 7, submit your completed assignment to the Distance Learning Unit either by mail or electronically through the learning management system (LMS). The staff will forward your work to your tutor/marker.

Lesson	Assignment	Marks
4	Assignment 7.1	40

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## Notes

# LESSON 1: CONTROL OF CASH RECEIPTS

## Lesson Focus

By the end of this lesson, you should be able to

- define the different forms of cash
- discuss the purpose of cash control
- differentiate between ethical and unethical practices of cash control
- define cash float
- prepare a daily cash proof
- differentiate between cash shortages and cash overages
- explain the need for a cash short/over account
- analyze and record cash over and short transactions in a General Journal

## Introduction

Principles of cash control are necessary because cash is the most likely item to be stolen or embezzled by employees. Changes in technology have presented challenges to every business in making sure that the business procedures are secure from hackers.

This lesson presents the physical handling of cash in a business. Keep in mind that there are many cash handling procedures used in different businesses and that not all are covered in this module. Also, as technology changes, so do the procedures.



## Preventions

Businesses keep track of cash so that they can keep their money safe.

A business can keep its cash safe by implementing the following preventions:

- signing authority
- cash float
- close out procedures
- endorsement to an account



**Signing authority** is a procedure that allows only certain people the authority to sign cheques on behalf of a business.

**Cash float** is a set amount of money that is put into a cash register at the beginning of a shift to allow the employee to give change.

**Close out procedures** are the steps that must be completed at the end of a shift in order to make sure all the money is accounted for.

**Endorsement** to an account is a stamp or a handwritten note on the back of a cheque that ensures the money only goes into the correct account.

## Cash Control

Cash control procedures are necessary; cash is the single item most likely to be stolen or embezzled by employees.



**Embezzlement** is a theft of assets that is concealed by falsifying accounting records.

**Fraud** may be defined as the deliberate misrepresentation of facts with the intent of deceiving someone.

**Employee fraud** refers to dishonest acts performed by employees.

**Ethics** are standards of conduct that society believes people should follow. Ethics are the moral principles an individual uses in governing his or her behaviour—the rules by which an individual distinguishes “right” from “wrong.”

## Cash Receipts

Cash is defined as any item that is acceptable for deposit. It includes the following:

- bills and coins
- cheques
- money orders (also known as bank drafts)



**Money orders** are a convenient, safe way to send money in the mail. You can purchase a money order at a financial institution or at some retail outlets, for a set amount that can only be cashed by the payee. The payee is the name of the person or organization receiving the money.

The daily cash receipts of a business are usually received as follows:

- electronic funds transfer systems
- electronic voucher or cash register tapes
- credit and debit card vouchers
- cheques received by mail

**Electronic funds transfer systems** enable depositors to transfer money electronically in and out of their bank accounts instead of depositing funds in the bank or writing cheques (e.g., automatic teller machines, automatic bill payment plans, telephone banking, online banking, and PayPal). Electronic funds transfer systems also reduce the risk of embezzlement.

The **cash register tape** is a continuous record of all transactions during the day. **Electronic vouchers** also provide a continuous record of all transactions during the day and eliminate paper handling.

**Credit cards** are used to buy now and pay later; **debit cards** are used to buy now and pay now. Both features may be available in one card (e.g., Debit Visa). A business that accepts debit cards receives the cash immediately—the money is transferred from the customer's bank account directly through a **point-of-sale terminal**. A point-of-sale terminal is an electronic cash register connected to a computer. Debit and credit card sales are listed and totalled electronically.

Some advantages of electronic payments include the following:

- payment is received immediately
- paper handling is reduced
- counting of cash is reduced
- no NSF cheques are received (NSF stands for “Non-sufficient Funds.” This means there was not enough money in the account to cover the amount of the cheque.)
- opportunity for embezzlement is reduced

## Cash Balances

A cash float or change fund is a small quantity of money (e.g., \$50.00) in small bills and coins. This fund is used to make change for customers and is placed in the cash register drawer at the beginning of each business day or at the beginning of each employee’s shift.

<b>Strong Arm Fitness</b>			
<b>Daily Balance Form</b>			
<b>January 2, 2016</b>			
	<b>Quantity</b>	<b>Currency Denomination</b>	<b>Total</b>
	1	ten	\$ 10.00
	3	five	15.00
	5	toonies	10.00
	6	loonies	6.00
	20	quarters	5.00
	25	dimes	2.50
	30	nickels	1.50
	<b>Total</b>		<b>\$ 50.00</b>



At the end of an employee’s shift, the employee will need to see if the cash in the drawer matches the amount on the cash register tape. If there is more cash than stated on the cash register tape, then it is considered an **overage**. If there is less cash than stated on the cash register tape, then it is considered a **shortage**.

<b>Strong Arm Fitness</b>	
<b>Daily Cash Proof</b>	
<b>Date: <u>January 2, 2016</u></b>	
Total Cash in Drawer	368.00
Less Cash Float	50.00
Total Deposited	<u>318.00</u>
Cash Sales	320.00
Debit/Credit Sales	742.00
Total Sales	<u>1,062.00</u>
Cash Short/Over	<u>(2.00)</u>

Cash short/over = total deposits – cash sales. Brackets represent an amount that is short.

From the daily cash summary above, you can see that there should have been \$320 in the cash drawer. However, the total deposited amount shows that you only have \$318 in actual cash that will be deposited to the bank. This means that you are missing \$2. If the numbers were reversed, it would mean you had an extra \$2 to deposit. Either way, you need to account for this difference.

Any cash shortages or overages will need to be accounted for in a journal entry. If the cash balance is short, the journal entry looks as follows:

GENERAL JOURNAL			Page 14	
DATE	PARTICULARS	P.R.	DEBIT	CREDIT
2016				
Jan 2	Cash Short/Over Expense	505	2.00	
	Cash	100		2.00
	Cash Shortage			

Remember, the post reference numbers are added only after you post to the general ledger.

Since this shows money leaving the business, it is recorded just like any other expense. Cash is credited.

If the cash balance is over as it is here on January 3rd, then the entry is reversed.

GENERAL JOURNAL			Page 14	
DATE	PARTICULARS	P.R.	DEBIT	CREDIT
2016				
Jan 3	Cash	100	1.00	
	Cash Short/Over Expense	505		1.00
	Cash Overage			

Since this shows the business receiving extra money Cash is debited.

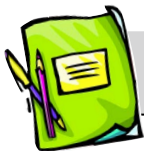
The general ledger for the Cash Short/Over Expense would look as follows:

GENERAL LEDGER						
ACCOUNT		Cash Short/Over Expense			No. 505	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	BALANCE
2016						
Jan	2		J14	2.00		2.00
	3		J14		1.00	1.00

## Objective Evidence Principle



Each transaction is described by a business document that proves the transaction did occur. All source documents are evidence that business transactions have taken place (e.g., cash register tape). This is known as the **objective evidence principle**.



## Learning Activity 7.1

### 1. Blue Grass Lawn Care

- a) The daily cash float for Blue Grass Lawn Care is \$40. At the end of the day on May 1, 20XX, Blue Grass Lawn Care has \$325 in cash sales and \$740 in debit/credit card sales. There is \$370 in the cash drawer.
- b) Using the information given, prepare the Daily Cash Proof on the following form.

<b>Blue Grass Lawn Care</b>	
<b>Daily Cash Proof</b>	
<b>Date:</b> _____	
Total Cash in Drawer	_____
Less Cash Float	_____
Total Deposited	_____
Cash Sales	_____
Debit/Credit Sales	_____
Total Sales	_____
Cash Short/Over	=====

- c) If there is a cash shortage or overage, record the journal entry for the amount in the following blank general journal page. The entry should be recorded on page 16.

GENERAL JOURNAL				Page	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT

*continued*

## Learning Activity 7.1 (continued)

### 2. Dr. Le Phang, Dentist

- The daily cash float for Dr. Le Phang, Dentist is \$50. At the end of the day on November 1, 20XX, Dr. Le Phang has \$673 in cash sales and \$3,870 in debit/credit card sales. There is \$721 in the cash drawer.
- Using the information given, prepare the Daily Cash Proof on the following form.

<b>Dr. Le Phang, Dentist</b>	
<b>Daily Cash Proof</b>	
<b>Date:</b>	_____
Total Cash in Drawer	_____
Less Cash Float	_____
Total Deposited	_____
Cash Sales	_____
Debit/Credit Sales	_____
Total Sales	_____
Cash Short/Over	=====

- If there is a cash shortage or overage, record the journal entry for the amount in the following blank general journal page. The entry should be recorded on page 30.

GENERAL JOURNAL			Page	
DATE	PARTICULARS	P.R.	DEBIT	CREDIT

## End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 7 Learning Activity Answer Key to ensure that your answers are correct.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next lesson builds on the outcomes you just finished.



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## Notes

# LESSON 2: SALES AND GOODS AND SERVICES TAX

## Lesson Focus

By the end of this lesson, you should be able to

- define Federal Goods and Services Tax (GST)
- calculate GST
- define Provincial Sales Tax (PST)
- calculate PST
- differentiate between GST Payable, GST Recoverable, and PST Payable
- journalize transactions with GST and PST
- remit taxes

## Introduction

This module introduces the two most common taxes in Canada: the federal goods and services tax (GST) and the provincial sales tax (PST).

At the time this course was written, the GST was 5% and the PST in Manitoba was 8%. To complete this module, you will use these tax amounts. The goal is for you to understand how to use the tax rates; therefore, the tax rate at the current time does not matter.

## Goods and Services Tax (GST)

GST is a federal tax on the sale of Goods and Services. GST is designed so that

- The government receives its money at each stage of the production/distribution process as value is added to the product.
- The government receives its money on services.
- In the end, only the final user pays GST.

GST is a percentage tax based on the price of goods.

## Provincial Sales Tax (PST)

PST is a sales tax imposed on retail sales in all provinces except Alberta. Sales tax is one way that provincial governments raise funds. It is a percentage tax based on the price of goods sold to a consumer.

In Manitoba, there are certain items where you will not have to pay the PST. These items include, but are not limited to, baby items, agricultural feed, books used for educational purposes, children's clothing, diabetic supplies, prescription drugs, electricity or natural gas used for heating a dwelling, basic groceries, bicycle helmets, used clothing, and used furniture valued at \$100 or less.

## Harmonized Sales Tax (HST)

In some provinces, the government has combined the GST and the PST into one combined tax. This is known as a harmonized sales tax. At the time this course was written, Ontario, New Brunswick, Newfoundland and Labrador, Nova Scotia, and Prince Edward Island all had a harmonized sales tax.

## Calculation of Taxes

GST and PST is calculated as follows:

Selling price of an item		\$50.00
GST = selling price × % of GST	$\$50.00 \times 5\%$ (or 0.05)	2.50
PST = selling price × % of PST	$\$50.00 \times 8\%$ (or 0.08)	<u>4.00</u>
Total price of item		\$56.50

If the selling price of an item is not known but its total price is known, the taxes may be calculated as follows:

$$\begin{aligned} & \text{Total price of item} \div 100 + \text{GST}\% + \text{PST}\% \\ & \$56.50 \div (100 + 5\% + 8\%) \\ & \$56.50 \div 113\% \text{ (or 1.13)} \\ & = \$50.00 \end{aligned}$$

Therefore, the taxes =  $\$56.50 - \$50.00 = \$6.50$

## Buying and Selling with GST

GST is charged to customers when they purchase goods from a business. The business acts as a collection agency for taxes. Since this money does not belong to the business, but rather to the government, the business will have to keep track of the GST they collect from their customers, so that the money can be sent to the government. The account to keep track of the GST that customers pay to the business is **GST Payable**.

Businesses also have to buy items, such as office supplies, equipment, furniture, etc. When businesses buy these items, they have to pay GST on them; however, the federal government will refund this amount to the business. The account to keep track of these amounts is **GST Recoverable**.

Since the business will receive money from the government for GST Recoverable, and the business will send money to the government for GST Payable, it is easier to calculate the difference so that only one payment has to be made or received. For example,

- If the amount of GST Payable is greater than the amount of GST Recoverable, then the business must send a cheque for the difference to the federal government.
- If the amount of GST Recoverable is greater than the amount of GST Payable, then the federal government owes the business a refund.

Either way, this procedure is done on a monthly basis. Both GST Payable and GST Recoverable are current liabilities.

In the following example, the company has collected more GST on sales than it has paid on purchases, so it has to remit (send) the difference (\$71.70) to the government. Similar to closing entries, you take the amount in the account (e.g., GST Payable has a credit of \$87.45) and make it a debit to reduce the account to zero. GST Recoverable has a debt balance of \$15.75; therefore, you credit the amount to reduce it to zero.

GENERAL JOURNAL			Page	15	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
2016					
	31	GST Payable		87.45	
		GST Recoverable			15.75
		Cash			71.70
		Cheque #112 to remit the GST for January sales			

The T-accounts for the two GST accounts would look as follows:

GST Payable				GST Recoverable			
		38.00	Jan 5			15.75	Jan 10
		49.45	14				
Jan 31	87.45	Ø				Ø	Jan 31

In the following example, the company has paid more GST than it has collected from customers, so the government will send the business a GST refund cheque (\$85.00).

	31	Cash	100	85.00	
		GST Payable	230	185.00	
		GST Recoverable	240		270.00
		To record amount of GST refund cheque			

## Buying with PST

When a company purchases supplies, equipment, or furniture for use in its business office, it must pay Provincial Sales Tax (PST) and Federal Goods and Services Tax (GST). The GST is recorded in the GST Recoverable account, but the **PST is added to the cost of the supplies, equipment, or furniture and forms part of the cost of the item. The same principle is applied to telephone, hydro, heating, and other expenses.** This is because PST gets submitted to the government by the business you bought your items from. You, as a buyer, simply pay the amount owing and don't need to keep track of it separately since you can't claim back the PST.

## Selling with PST

Whenever a business makes a sale, they need to collect both GST and PST, and eventually they need to submit it to the government. The business basically acts as a collection agency for taxes. Since these taxes need to be paid to the government (as they don't actually belong to the business), the company collects the money in a payable account (i.e., PST Payable). The PST Payable account is a current liability. The amount of taxes owing is submitted to the government on a monthly basis.

## Analyzing GST and PST Transactions

Analyze the following transactions involving GST and/or PST for Strong Arm Fitness.

a) **Sale Transaction**

Jan. 5—Received \$760 plus GST (5%) and PST (8%) from Janice Bergs for a one-year membership. Janice paid in cash.

The journal entry for the above transaction is as follows:

5	Cash	100	858.80	
	Membership Revenue	420		760.00
	GST Payable	213		38.00
	PST Payable	215		60.80

PR numbers were used here because these were posted (see following pages).

Notice that both GST and PST are collected in a sale transaction. The revenue in this transaction is \$760.00. The GST rate is  $5\% \times \$760.00 = \$38.00$  and is recorded in the GST Payable account as a credit (since liabilities have a credit balance). The PST rate is  $8\% \times \$76.00 = \$60.80$  and is recorded in the PST Payable account as a credit. The sale of the one-year membership is recorded as a credit to Membership Revenue (since all revenue has a credit balance). The total of the Membership revenue, GST Payable, and PST Payable ( $\$760.00 + \$38.00 + \$60.80$ ) equals \$858.80 and is recorded as a debit to Cash. Since money is being collected, cash increases.

## b) Expense Transactions

Jan. 10—Purchased advertising on account from NMB Marketing in the amount of \$315 plus GST (5%) and PST (8%). Paid with cheque #109.

The journal entry for the above transaction is as follows:

	10	Advertising Expense	500	340.20	
		GST Recoverable	214	15.75	
		Cash	100		355.95
		Cheque #109			

Note that PST becomes part of the expense amount. This is because, as a buyer, Strong Arm Fitness cannot claim back the PST; therefore, Strong Arm Fitness does not keep track of PST paid out in a separate account.

To calculate taxes: The base cost of the expense in this transaction is \$315.00. The PST rate is 8%. The PST amount is \$25.20; therefore, the advertising expense in this example is \$315.00 + \$25.20 which equals \$340.20. The GST rate is 5% × \$315.00, which equals \$15.75. This amount is recorded in the GST Recoverable account as a debit. GST Recoverable is a contra account to GST Payable, which means it reduced GST Payable. Even though it is a liability account, it has a debit balance (not a credit)—it reduces the amount owing to the government. The total of these two items, Advertising Expense of \$340.20 and GST Recoverable of \$15.75, is the amount paid out in cash. Cash is recorded as a credit of \$355.95, since it decreases.

## c) Asset Transactions

Purchase of assets plus GST and PST

Jan. 14—Purchased equipment for use in the business, for \$989, plus PST and GST, from Gold's Fitness Equipment. Paid by cheque #110.

The journal entry for the above transaction is as follows:

	14	Equipment	120	1,068.12	
		GST Recoverable	214	49.45	
		Cash	100		1,117.57
		Cheque #110			

Note that PST becomes part of the cost of the purchase of this asset.

The base cost of the asset in this transaction is \$989. The PST rate is 8%. The PST amount is \$79.12. Therefore, the equipment in this example is \$989 + \$79.12 which equals \$1,068.12. The GST rate is 5% × \$989 which equals \$49.45. This amount is recorded in the GST Recoverable account as a debit. The total of these two items, Equipment of \$1,068.12 and GST Recoverable, is the amount paid out by cash; therefore, Cash has a credit (a decrease) of \$1,117.57.

## Posting

These transactions have been posted in the same way that you posted other transactions. Remember that GST Recoverable is a contra account to GST Payable and, even though it is listed as a current liability, it reduces liabilities; therefore, it has a debit balance.

The general ledger for the accounts used in the previous transactions follows (to save space, only the ledger accounts that were affected by these transactions have been listed):

GENERAL LEDGER							
ACCOUNT		Cash				No.	100
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2016							
Jan	1		✓			DR	12,600.00
	5		J14	858.80		DR	13,458.80
	10		J14		355.95	DR	13,102.85
	14		J14		1,117.57	DR	11,985.28

GENERAL LEDGER							
ACCOUNT		Equipment				No.	120
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2016							
Jan	1		✓			DR	67,000.00
	14		J14	1,068.12		DR	68,068.12



GENERAL LEDGER							
ACCOUNT		GST Payable				No.	213
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2016							
Jan	5		J14		38.00	CR	38.00

GENERAL LEDGER							
ACCOUNT		GST Recoverable				No.	214
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2016							
Jan	10		J14	15.75		DR	15.75
	14		J14	49.45		DR	65.20

GENERAL LEDGER							
ACCOUNT		PST Payable				No.	215
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2016							
Jan	5		J14		60.80	CR	60.80

GENERAL LEDGER							
ACCOUNT		Membership Revenue				No.	420
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2016							
Jan	5		J14		760.00	CR	760.00

GENERAL LEDGER							
ACCOUNT		Advertising Expense				No.	500
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2016							
Jan	10		J14	340.20		DR	340.20

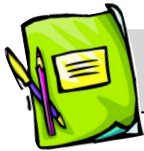
## Remitting GST

Businesses must send the government the balance of the GST that is owed to them, usually, by the 15th of the following month. This is called **remitting the GST**. The GST Payable account represents the GST the business collected from customers. The GST Recoverable represents the GST the business paid on purchases.

The entry to record the remittance of the GST is shown below.



**Note:** The amounts used are to the end of January.



### Learning Activity 7.2

#### 1. Blue Grass Lawn Care

- a) Open the file called “Mod 7 LA 7.2 BGLC.”
- b) Journalize the following transactions for the month of May (starting on page 16).
  - i) May 2—received \$650 plus GST (5%) and PST (8%) from Youth Leader College for landscaping.
  - ii) May 5—purchased advertising space on account from Leisure Guide in the amount of \$250 plus GST (5%) and PST (8%). Purchase Invoice #LG8098.
  - iii) May 8—purchased equipment for use in the business, for \$489, plus PST and GST, from Home Renos. Paid with Cheque #126.
  - iv) May 11—received \$135 plus GST (5%) and PST (8%) from Gurinder Khan for landscaping.
  - v) May 13—charged \$1,375 plus GST (5%) and PST (8%) to Soccer Stadium’s account for lawn maintenance. Issued Sales Invoice #BG1455.
  - vi) May 15—received and paid the Hydro bill in the amount of \$100 plus GST (5%) and PST (8%). Issued Cheque #127.
  - vii) May 18—purchased gas from Stop Shop for \$195 plus GST (5%) and PST (8%). Paid with Cheque #128.
  - viii) May 22—received \$150 plus GST (5%) and PST (8%) from Jeffrey Toews for landscaping.

*continued*

## Learning Activity 7.2 (continued)

- ix) May 27—charged \$450 plus GST (5%) and PST (8%) to Junior Reader Library for landscaping. Issued Sales Invoice #BG1456.
  - x) May 29—received and paid the phone bill in the amount of \$120 plus GST (5%) and PST (8%). Issued Cheque #129.
- c) Determine the GST remittance amount or refund amount. Show your work using T-accounts.

### 2. Dr. Le Phang, Dentist

- a) Open the file called “Mod 7 LA 7.2 DLDP.”
  - b) Journalize the following transactions for the month of November (starting on page 30).
    - i) Nov. 1—charged \$230 plus GST (5%) and PST (8%) to A. Byrd for dental fees. The amount is due in two weeks. Sales Invoice #LP2110.
    - ii) Nov. 2—purchased advertising space on account from Local Buzz in the amount of \$450 plus GST (5%) and PST (8%). Purchase Invoice #LB587.
    - iii) Nov. 5—purchased equipment for use in the business, for \$876, plus PST and GST, from Small Office Inc. Paid with Cheque #189.
    - iv) Nov. 7—received \$150 plus GST (5%) and PST (8%) from L. Chan for dental fees.
    - v) Nov. 10—charged \$375 plus GST (5%) and PST (8%) to G. Jarzyna for dental fees. The amount is due in two weeks. Sales Invoice #LP2111.
    - vi) Nov. 15—received and paid the cable bill in the amount of \$65 plus GST (5%) and PST (8%). Issued Cheque #190.
    - vii) Nov. 17—charged \$1,350 plus GST (5%) and PST (8%) to C. McIntosh for dental fees. The amount is due in two weeks. Sales Invoice #LP2112.
    - viii) Nov. 20—purchased dental supplies for use in the business, for \$125, plus GST (5%) and PST (8%), from Dental Services Inc. Issued Cheque #191.
    - ix) Nov. 22—received \$550 plus GST (5%) and PST (8%) from T. Smerchanski for dental fees.
    - x) Nov. 25—charged \$725 plus GST (5%) and PST (8%) to L. Chan for dental fees. The amount is due in two weeks. Sales Invoice #LP2113.
  - c) Determine the GST remittance amount or refund amount. Show your work using T-accounts.
-

## End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 7 Learning Activity Answer Key to ensure that your answers are correct.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next lesson builds on the outcomes you just finished.

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## Notes

## LESSON 3: PETTY CASH

### Lesson Focus

By the end of this lesson, you should be able to

- explain a petty cash system
- explain the need for a petty cash voucher
- establish a petty cash fund
- prepare a petty cash summary
- replenish the petty cash fund

### Introduction

Businesses regularly encounter transactions that require immediate payment, often in the form of cash rather than a cheque. The amounts of these payments are often so small that it is not cost-effective to issue a cheque. As a result, companies use a Petty Cash system.

### Petty Cash System



A **petty cash system** is a system designed to control small expenditures. A small amount of cash is withdrawn from the main cash account and given to a petty cashier (someone in the business who will be responsible for this money). The petty cashier then uses this fund to pay for items that are impossible or inconvenient to pay by cheque (for example, stamps, deliveries, and so on). This leaves the accountant free to do other work.

## Establishing a Petty Cash Fund

The **petty cash account** is a current asset that is debited when the fund is established or increased. For example, Strong Arm Fitness establishes a \$100 petty cash fund. The \$100 is taken out of the main Cash account and placed in the Petty Cash account (see the following transaction).

	5	Petty Cash		100.00	
		Cash			100.00
		Establishing a petty cash fund—Cheque #140			

## Using the Petty Cash Fund

As the Petty Cash account is needed, a receptionist, or someone else in the office will make the payments and record all payments using a voucher, similar to the one below. In this example, Post-it notes were purchased for \$6, plus GST (5%) and PST (8%).

<b>Strong Arm Fitness Petty Cash Voucher</b>	
No. 1	
Date	February 15, 2016
Amount	\$6.78
For	Post-it notes
Charge to	Stationery Expense
	GST Recoverable
	6.48
	0.30
Approved by	<i>authorized signature</i>
Received by	<i>authorized signature</i>

This amount represents the price, including both taxes (GST and PST).

This amount represents the price, including the PST only. This is the amount that will be charged to the asset or expense account.

This amount represents the GST only, which is charged to the GST Recoverable account.

A new voucher is prepared for every payment made with petty cash. Petty cash vouchers are numbered as a way to keep track of how many payments were made.

## Replenishing the Petty Cash Fund

When the petty cashier notices that the fund is running low, **the following steps are performed by the petty cashier:**

- a) The cash in the petty cash box is totaled (in this case, \$10.99).
- b) The vouchers in the petty cash box are totaled (in this case, \$89.01). This means that no errors were made in handling the petty cash because  $10.99 + 89.01 = \$100$ , the original amount of the petty cash fund. If these numbers don't equal the original amount of the Petty Cash Fund, then an entry is made in the general journal to the Cash Short/Over Expense account. Remember, each expenditure must be accompanied by a petty cash voucher, similar to the one in the example.
- c) A petty cash summary is prepared from the Petty Cash Vouchers. Below is a description of the vouchers that were prepared.
  - Voucher #1—Strong Arm Fitness bought some post-it notes from the convenience store down the street for \$6. GST is recorded separately. This is recorded as a Stationery Expense for \$6.48 (this amount includes the PST). The GST on this is \$0.30.
  - Voucher #2—Strong Arm Fitness purchased postage for \$42.77 at the local post office. These stamps were used in mailing out flyers. This purchase is recorded as an Advertising Expense for \$46.19 (including PST) and \$2.14 as GST Recoverable.
  - Voucher #3—Strong Arm Fitness paid cash from the petty cash fund when meeting some suppliers several times at a local coffee shop to discuss equipment purchases. The first meeting totalled \$16.75 and the second meeting was \$13.25. The cost is allocated to Miscellaneous Expense for \$32.40 (including PST) and \$1.50 to GST Recoverable.



Based on the aforementioned transactions, the following Petty Cash Summary is prepared.

Strong Arm Fitness	
Petty Cash Summary	
February 1 to February 28, 2016	
Advertising Expense	\$ 46.19
Stationery Expense	6.48
Miscellaneous Expense	32.40
GST Recoverable	3.94
Total Payments	\$ 89.01
Cash on Hand	10.99
Total of Petty Cash Fund	\$ 100.00
Cheque Request Amount	\$ 89.01
Number of Vouchers	3

- d) A requisition for a cheque of \$89.01 is prepared. The petty cash summary and vouchers are attached to the requisition and processed. After the cheque requisition is processed, the cheque is cashed and \$89.01 is placed in the petty cash box. The petty cash box will once again contain \$100.00.

The last step is performed by the **accountant**.

- e) The general journal entry to replenish the fund is made by the accountant as follows (the accountant also writes the cheque and gives it to the petty cashier):

15	Advertising Expense	46.19	
	Stationery Expense	6.48	
	Miscellaneous Expense	32.40	
	GST Recoverable	3.94	
	Cash		89.01
	To replenish the petty cash fund, cheque #112		

## Shortages and Overages

Sometimes the money remaining in the petty cash box and the vouchers for money spent do not equal the original amount of the value of petty cash. If the amount of money remaining in the box is less than the amount that should be in the box, this is considered a **shortage**. A journal entry must be made as follows to correct this **shortage**. The following example assumes \$5.00 too little remaining in the box.

	15	Cash Short/Over Expense		5.00	
		Cash			5.00
		Cash Shortage			

If there is more money in the petty cash box than there should be, it is an **overage** and the entry is as follows:

	15	Cash		5.00	
		Cash Short/Over Expense			5.00
		Cash Overage			

Notice that the same account is used to record the shortage or overage, only if it is a shortage, then it is considered an expense, and if it is an overage, it is considered a contra expense amount.

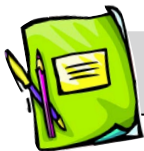


As always, the journal entries must be posted. Posting is done in the same way you learned in Module 4.

### Important!

Individual expense accounts are debited when replenishing the petty cash account. The Petty Cash account is not debited or credited. The Petty Cash account is only used when

- establishing the fund
- increasing the original amount of the fund
- closing the fund



## Learning Activity 7.3

### 1. Blue Grass Lawn Care

- Open the file called "Mod 7 LA 7.3 BGLC."
- Blue Grass Lawn Care establishes a petty cash fund for \$60 on June 1, 20XX, with Cheque #140. Record the journal entry on page 18.
- Using the following petty cash vouchers for payments made in June by the petty cashier, create a Petty Cash Summary. Cash on hand is \$9.69.

Blue Grass Lawn Care Petty Cash Voucher		
No. 1		
Date	June 5, 20xx	
Amount		\$9.61
For	Coffees for Meeting	
Charge to	Miscellaneous Expense	9.18
	GST Recoverable	0.43
Approved by	<i>authorized signature</i>	
Received by	<i>authorized signature</i>	

Blue Grass Lawn Care Petty Cash Voucher		
No. 2		
Date	June 10, 20xx	
Amount		\$13.58
For	Gas for Lawn Mower	
Charge to	Gas Expense	12.98
	GST Recoverable	0.60
Approved by	<i>authorized signature</i>	
Received by	<i>authorized signature</i>	

*continued*

## Learning Activity 7.3 (continued)

Blue Grass Lawn Care Petty Cash Voucher		
No. 3		
Date	June 12, 20xx	
Amount		\$27.12
For	Receipt books	
Charge to	Miscellaneous Expense	25.92
	GST Recoverable	1.20
Approved by	<i>authorized signature</i>	
Received by	<i>authorized signature</i>	

d) Replenish the fund on June 15, 20XX, by journalizing the transaction. Use cheque #141.

### 2. Dr. Le Phang, Dentist

- Open the file called "Mod 7 LA 7.3 DLPD."
- Dr. Le Phang establishes a petty cash fund for \$100 on December 1, 20XX, with Cheque #200. Record the journal entry on page 31.
- Using the following petty cash vouchers for payments made in December by the petty cashier, create a Petty Cash Summary. Cash on hand is \$36.72.

Dr. Le Phang, Dentist Petty Cash Voucher		
No. 1		
Date	December 3, 20xx	
Amount		\$10.17
For	Dental Floss	
Charge to	Dental Supplies	9.72
	GST Recoverable	0.45
Approved by	<i>authorized signature</i>	
Received by	<i>authorized signature</i>	

*continued*

### Learning Activity 7.3 (continued)

Dr. Le Phang, Dentish Petty Cash Voucher		
No. 2		
Date	December 8, 20xx	
Amount		\$14.69
For	Photocopying	
Charge to	Advertising Expense	14.04
	GST Recoverable	0.65
Approved by	<i>authorized signature</i>	
Received by	<i>authorized signature</i>	

Dr. Le Phang, Dentish Petty Cash Voucher		
No. 3		
Date	December 14, 20xx	
Amount		\$38.42
For	Toothbrushes	
Charge to	Dental Supplies	36.72
	GST Recoverable	1.70
Approved by	<i>authorized signature</i>	
Received by	<i>authorized signature</i>	

- d) Replenish the fund on December 15, 20XX, by journalizing the transaction. Use Cheque #201.
-

## End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 7 Learning Activity Answer Key to ensure that your answers are correct.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next lesson builds on the outcomes you just finished.

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## Notes

## LESSON 4: BANK RECONCILIATION

### Lesson Focus

By the end of this lesson, you should be able to

- explain the need for a bank reconciliation statement
- prepare a bank reconciliation statement
- record journal entries to reconcile the cash ledger account

### Introduction

This lesson illustrates the accounting form known as the bank reconciliation statement. The bank reconciliation statement is prepared to make sure that the amount in the bank account matches the amount of the cash account in the general ledger.

In this lesson, you will have the opportunity to prepare a bank reconciliation statement.

### Important Terms



Before you get started with bank reconciliations, there are a few terms that you should know.

A **cheque** is an order for money, that is payable to the bearer, drawn on a bank/credit union.

A **deposit** is a sum of money placed in a bank/credit union account for safekeeping.

A **NSF cheque** is a cheque that does not have sufficient funds to cover payment and which, for that reason, is not honoured.

**Outstanding cheques** are those cheques that have been written by the payee but have not yet cleared the bank for payment; therefore, the amount of the cheque has not been deducted from the owner's bank account (the payee).

**Cancelled cheques** are those that are voided by endorsement, which means they have been paid up by the bank and cannot be renegotiated. Cancelled cheques are either returned to the cheque writer to be used as a receipt of payment, or they are kept on file by the financial institutions.



A **debit memo** is sent when the bank/credit union has removed money from an account (e.g., NSF cheques, interest charges, safety deposit box charge). The account holder may not know that the amount has been taken until they receive the bank statement.



**Note:** A debit memo is looked at from the bank's point of view. Since the bank is getting money, they debit their cash account, hence the term "debit memo."

A **credit memo** is sent when money has been added to the bank, credit union, or other financial institution account (e.g., interest earned, collection of a debt).



**Note:** A credit memo is looked at from the bank's point of view. Since the bank is losing money, they credit their cash account, hence the term "credit memo."

**Service charges** are fees for various services that banks/credit unions and other financial institutions offer to their customers (e.g., a charge is made for processing each cheque, deposit, or overdraft).

## The Reconciliation Statement



A **reconciliation statement** is prepared to determine the correct cash balance in a bank/credit union account. This statement is necessary to bring the bank/credit union balance into agreement with the depositor's balance, because the depositor and the bank/credit union are both keeping track of the same account. Looking at the bank statement for Strong Arm Fitness for the month of March, you can see that it doesn't match the cash balance in the general ledger for the same date.

Remember in bank statements, debits are a decrease in your cash.

Remember in bank statements, credits are an increase in your cash.

Muddy Waters Credit Union				
Strong Arm Fitness				
90 Angle Boulevard				
Winnipeg, Manitoba			Account Number:	
R6W 1Z9			622-1234-9876	
Statement of Chequing Account		From March 1, 2016	To March 31, 2016	Page 1
Description	Debits	Credits	Date	Balance
Balance Forward				12,600.00
Deposit		425.00	March 2/16	13,025.00
Cheque #162	400.00		March 2/16	12,625.00
Cheque #163	50.00		March 4/16	12,575.00
Deposit		870.00	March 8/16	13,445.00
Deposit		530.00	March 15/16	13,975.00
Cheque #164	60.00		March 16/16	13,915.00
NSF Cheque #12	567.94		March 17/16	13,347.06
NSF Charges	35.00		March 17/16	13,312.06
Cheque #165	15.00		March 19/16	13,297.06
Cheque #166	34.00		March 20/16	13,263.06
Cheque #167	489.00		March 21/16	12,774.06
Deposit		698.00	March 22/16	13,472.06
Cheque #168	500.00		March 24/16	12,972.06
Service Charges	24.57		March 31/16	12,947.49
Deposit Interest		32.29	March 31/16	12,979.78
Number of Debits	Total Amount of Debits	Number of Credits	Total Amount of Credits	
10	2,175.51	5	2,555.29	



Banks and other financial institutions also use debits and credits. It's important to note that banks record cash increases and decreases differently than you do. For banks, a debit is a decrease to cash while a credit is an increase to cash.

GENERAL LEDGER							
ACCOUNT		Cash	No. 100				
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
2016							
Mar	1		✓			DR	12,600.00
	2		J31	425.00		DR	13,025.00
	2		J31		400.00	DR	12,625.00
	4		J31		50.00	DR	12,575.00
	8		J31	870.00		DR	13,445.00
	15		J31	530.00		DR	13,975.00
	16		J31		60.00	DR	13,915.00
	19		J31		15.00	DR	13,900.00
	20		J31		34.00	DR	13,866.00
	21		J31		489.00	DR	13,377.00
	22		J31	698.00		DR	14,075.00
	24		J31		500.00	DR	13,575.00
	29		J31	387.00		DR	13,962.00
	31		J31		200.00	DR	13,762.00

There are many reasons why the two numbers don't match up, including

- **Unrecorded deposit, also known as deposit in transit**—Strong Arm Fitness made a deposit of cash to the bank after the bank statement was created.
- **Outstanding cheque**—Strong Arm Fitness wrote a cheque that the bank has not yet cashed.
- **Interest earned on account**—The bank statement shows interest earned, but Strong Arm Fitness didn't know the amount until they received the bank statement. This is a credit memo.
- **Service charges**—The bank's fees have been taken out of the account, but Strong Arm Fitness didn't know how much until they received the bank statement. This is a debit memo.
- **NSF cheque**—If Strong Arm Fitness cashes a cheque from someone else who doesn't have enough money in their account to cover the cost of the cheque, then Strong Arm Fitness thinks there is money in their account but, in fact, there is not. The bank statement will show the NSF cheque. This is a debit memo.

# Preparing the Reconciliation Statement

To prepare a bank reconciliation, you need to first compare the bank statement with the Cash ledger account to determine discrepancies. To do so, place both documents side by side. As you look through both documents, place a check mark beside each amount that is listed on both the bank statement and the Cash ledger account. See the following example.

Strong Arm Fitness 90 Angle Boulevard Winnipeg, Manitoba R6W 1Z9		Muddy Waters Credit Union	
Account Number: 622-1234-9876		Account Number: 622-1234-9876	
Statement of Chequing Account From March 1, 2016 To March 31, 2016		Page 1	
Description	Debits	Credits	Balance
Balance Forward			12,600.00 ✓
Deposit		425.00	13,025.00 ✓
Cheque #162	400.00		12,625.00 ✓
Cheque #163	50.00		12,575.00 ✓
Deposit		870.00	13,445.00 ✓
Deposit		530.00	13,975.00 ✓
Cheque #164	60.00		13,915.00 ✓
NSF Cheque #12	567.94		13,347.06 ✓
NSF Charges	35.00		13,312.06 ✓
Cheque #165	15.00		13,297.06 ✓
Cheque #166	34.00		13,263.06 ✓
Cheque #167	489.00		12,774.06 ✓
Deposit		698.00	13,472.06 ✓
Cheque #168	500.00		12,972.06 ✓
Service Charges	24.57		12,947.49 ✓
Deposit Interest		32.29	12,979.78 ✓
Number of Debits	10	5	
Total Amount of Debits	2,175.51	Total Amount of Credits	2,555.29

ACCOUNT Cash		GENERAL LEDGER				No.	100
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR.	CR.	BALANCE
2016							
Mar 1		✓			DR		12,600.00 ✓
2		J31	425.00		DR		13,025.00 ✓
		J31		400.00		DR	12,625.00 ✓
4		J31		50.00		DR	12,575.00 ✓
8		J31	870.00		DR		13,445.00 ✓
15		J31	530.00		DR		13,915.00 ✓
16		J31		60.00		DR	13,975.00 ✓
19		J31		15.00		DR	13,900.00 ✓
20		J31		34.00		DR	13,866.00 ✓
21		J31		489.00		DR	13,377.00 ✓
22		J31	698.00		DR		14,075.00 ✓
24		J31		500.00		DR	13,575.00 ✓
29		J31	387.00		DR		13,962.00 ✓
31		J31		200.00		DR	13,762.00 ✓

✓ indicates the same amount shows up on both the bank statement and the cash ledger account.

From the amounts that were **not** on both the bank statement and the Cash ledger account, make a list of the amounts that were recorded on the Cash ledger account that were not on the bank statement.

- A deposit made on March 29 for \$387.00 is not on the bank statement. This means that the deposit was made after the bank statement was made; therefore, there is an unrecorded deposit (a deposit in transit).
- The \$200.00 amount from March 31 is not on the bank statement. This means that cheque #169 is outstanding.

This gives you enough information to begin the bank reconciliation statement as follows:

Bank Statement Balance (March 31, 2016)		\$ 12,979.78
Add: Unrecorded March 29 deposit	\$ 387.00	
Less: Outstanding Cheque #169	200.00	
Correct Bank Balance		\$ 13,166.78

Next, make a list of all the amounts on the bank statement that are not included in the Cash ledger account.

- There was interest earned of \$32.29.
- There was a service charge of \$24.59.
- One of Strong Arm Fitness's clients did not have enough money in their bank account to cover their cheque (\$567.94). Also related to this NSF cheque, the bank charged a \$35 service fee.

Cash Balance per Ledger (March 31, 2016)		\$ 13,762.00
Add: Interest Earned	\$ 32.29	
Less: Service Charges	24.57	
Less: NSF (Cheque #12) and Charges	602.94	
Correct Bank Balance		\$ 13,166.78

Here is the completed bank reconciliation statement:

Strong Arm Fitness		
Bank Reconciliation Statement		
March 31, 2016		
Bank Statement Balance (March 31, 2016)		\$ 12,979.78
Add: Unrecorded March 29 deposit	\$ 387.00	
Less: Outstanding Cheque #169	200.00	
Correct Bank Balance		\$ 13,166.78
Cash Balance per Ledger (March 31, 2016)		\$ 13,762.00
Add: Interest Earned	\$ 32.29	
Less: Service Charges	24.57	
Less: NSF (Cheque #12) and Charges	602.94	
Correct Cash Balance		\$ 13,166.78

Look at the bank reconciliation statement line by line.

The heading includes who, what, and when. The bank statement balance of \$12,979.78 is the final balance on the bank statement as of March 31, 2016.

The unrecorded March 29 deposit of \$387.00 is the only debit in the Cash account that is not recorded on the bank statement. The bank may have deposited the money, but it didn't happen in time to be printed on this bank statement; therefore, it needs to be added to the bank statement balance.

The outstanding cheque for \$200 is the only credit in the Cash account that is not recorded on the bank statement. Even though Strong Arm Fitness wrote the cheque, the bank hasn't cleared it yet, so the bank doesn't know to remove the money from the account; therefore, it needs to be subtracted from the bank statement balance.

The correct bank balance of \$13,166.78 is what the final bank balance should be after including missing items.

The cash balance per ledger of \$13,762.00 is the balance in the Cash account on the general ledger as of March 31, 2016.

The interest earned on account for \$32.29 is from the March 31 credit memo showing interest earned. Strong Arm Fitness did not know about this amount until they received the bank statement; therefore, it needs to be added to the Cash account.

The service charges for \$24.57 are from the March 16 debit memo showing service charges. Strong Arm Fitness did not know about this amount until they received the bank statement; therefore, it needs to be subtracted from the Cash account.

The NSF and charges for \$602.94 (\$567.94 + 35.00) are from the March 17 debit memo showing the cheque H. Andersson previously wrote to Strong Arm Fitness; however, H. Andersson did not have enough money in the account to cover it, so it “bounced.” This means the bank has taken the money out of Strong Arm Fitness’s account and the bank is going to charge Strong Arm Fitness an additional \$35 for the NSF (bounced) cheque. Strong Arm Fitness found out when they received their bank statement; therefore, it needs to be subtracted from the Cash account.

The correct cash balance of \$13,166.78 is what the final Cash ledger balance should be after including all missing items.

Notice that the Correct Bank Balance line needs to equal the correct Cash Balance line. If it doesn’t equal, then you have not reconciled the account. When this happens, go back and double check your work.

## Journalizing

The last step after preparing the bank reconciliation statement is to record journal entries. Journal entries are required for everything the business is missing in their Cash Ledger account. In other words, items from the Cash Balance per Ledger section have to be journalized. In this case, interest earned on account, service charges, and the NSF cheque (see below).

Strong Arm Fitness		
Bank Reconciliation Statement		
March 31, 2016		
Bank Statement Balance (March 31, 2016)		\$ 12,979.78
Add: Unrecorded March 29 deposit	\$ 387.00	
Less: Outstanding Cheque #169	200.00	
Correct Bank Balance		\$ 13,166.78
Cash Balance per Ledger (March 31, 2016)		\$ 13,762.00
Add: Interest Earned on Account	\$ 32.29	
Less: Service Charges	24.57	
Less: NSF (Cheque #12) and Charges	602.94	
Correct Cash Balance		\$ 13,166.78

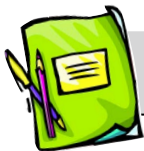
These are the items that need to be journalized to update the business's Cash account.

The journal entries to reconcile the bank statement for Strong Arm Fitness, with the Cash account in the ledger, are illustrated below.

Mar	31	Bank Service Charge Expense		24.57	
		Cash			24.57
		March bank service charge			
	31	Accounts Receivable—H. Anderson		602.94	
		Cash			602.94
		NSF cheque #12 \$567.94 plus bank charges \$35			
	31	Cash		32.29	
		Interest Revenue			32.29
		Deposit interest earned			

Remember, cheque #12 bounced. This means the customer still owes Strong Arm Fitness \$567.94 for the original amount of the cheque, plus the \$35 bank service charge, for a total of \$602.94. This is recorded as a debit to Accounts Receivable.





## Learning Activity 7.4

### 1. Blue Grass Lawn Care

- a) Open the file called “Mod 7 LA 7.4 BGLC.”
- b) Using the following information, create a bank reconciliation statement for July 31, 20XX.

GENERAL LEDGER							
ACCOUNT		Cash				No.	100
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
July	1		✓			DR	8,170.00
	1		J40	45.00		DR	8,215.00
	3		J40		350.00	DR	7,865.00
	4		J40	125.00		DR	7,990.00
	7		J40	75.00		DR	8,065.00
	8		J40	398.00		DR	8,463.00
	12		J40	225.00		DR	8,688.00
	15		J40		50.29	DR	8,637.71
	17		J40	75.00		DR	8,712.71
	19		J40		2,987.00	DR	5,725.71
	21		J40	295.00		DR	6,020.71
	22		J40	387.00		DR	6,407.71
	23		J40		125.00	DR	6,282.71
	26		J40	75.00		DR	6,357.71
	28		J40		100.00	DR	6,257.71
	31		J40	125.00		DR	6,382.71

*continued*

## Learning Activity 7.4 (continued)

Muddy Waters Credit Union				
Blue Grass Lawn Care				
1459 McGillivray Highway				
Winnipeg, Manitoba			Account Number:	
R3L 1F5			622-1234-6547	
Statement of		From	To	Page 1
Chequing Account		July 1, 20xx	July 31, 20xx	
Description	Debits	Credits	Date	Balance
Balance Forward				8,170.00
Deposit		45.00	July 1/xx	8,215.00
Cheque #151	350.00		July 3/xx	7,865.00
Deposit		125.00	July 4/xx	7,990.00
Deposit		75.00	July 7/xx	8,065.00
Deposit		398.00	July 8/xx	8,463.00
Deposit		225.00	July 12/xx	8,688.00
NSF Cheque #23	50.00		July 13/xx	8,638.00
NSF Charges	35.00		July 13/xx	8,603.00
Cheque #152	50.29		July 15/xx	8,552.71
Deposit		75.00	July 17/xx	8,627.71
Cheque #153	2,987.00		July 19/xx	5,640.71
Deposit		295.00	July 21/xx	5,935.71
Deposit		387.00	July 22/xx	6,322.71
Cheque #154	125.00		July 23/xx	6,197.71
Deposit		75.00	July 26/xx	6,272.71
Service Charges	14.99		July 31/xx	6,257.72
Deposit Interest		14.25	July 31/xx	6,271.97
Number of Debits	Total Amount of Debits	Number of Credits	Total Amount of Credits	
7	3,612.28	10	1,714.25	

c) Journalize the required entries on July 31.

*continued*

## Learning Activity 7.4 (continued)

### 2. Dr. Le Phang, Dentist

- Open the file called “Mod 7 LA 7.4 DLPD.”
- Using the following information, create a bank reconciliation statement for January 31, 20XX.

GENERAL LEDGER							
ACCOUNT		Cash			No.	100	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jan	1		✓			DR	11,325.00
	1		J38		253.00	DR	11,072.00
	2		J38		632.00	DR	10,440.00
	6		J38	500.00		DR	10,940.00
	8		J38		257.00	DR	10,683.00
	9		J38		324.00	DR	10,359.00
	12		J38	3,564.00		DR	13,923.00
	13		J38		125.00	DR	13,798.00
	15		J38		750.00	DR	13,048.00
	16		J38	125.00		DR	13,173.00
	19		J38	100.00		DR	13,273.00
	20		J38		125.00	DR	13,148.00
	22		J38		330.00	DR	12,818.00
	25		J38		485.00	DR	12,333.00
	28		J38	250.00		DR	12,583.00
	31		J38		75.00	DR	12,508.00

*continued*

## Learning Activity 7.4 (continued)

Muddy Waters Credit Union				
Dr. Le Phang, Dentist				
2237 Leila Avenue				
Winnipeg, Manitoba			Account Number:	
R3W 1F5			622-1234-1285	
Statement of		From	To	Page 1
Chequing Account		January 1, 20xx	January 31, 20xx	
Description	Debits	Credits	Date	Balance
Balance Forward				13,341.00
Deposit		253.00	January 1/xx	13,594.00
Deposit		632.00	January 2/xx	14,226.00
Cheque #230	500.00		January 6/xx	13,726.00
Deposit		257.00	January 8/xx	13,983.00
Deposit		324.00	January 9/xx	14,307.00
Cheque #231	3,564.00		January 12/xx	10,743.00
NSF Cheque #08	125.00		January 12/xx	10,618.00
NSF Charges	35.00		January 12/xx	10,583.00
Deposit		125.00	January 13/xx	10,708.00
Deposit		750.00	January 15/xx	11,458.00
Cheque #232	125.00		January 16/xx	11,333.00
Cheque #233	100.00		January 19/xx	11,233.00
Deposit		125.00	January 20/xx	11,358.00
Deposit		330.00	January 22/xx	11,688.00
Deposit		485.00	January 25/xx	12,173.00
Service Charges	20.00		January 30/xx	12,153.00
Deposit Interest		16.80	January 30/xx	12,169.80
Number of Debits	Total Amount of Debits	Number of Credits	Total Amount of Credits	
7	4,469.00	10	3,297.80	

c) Journalize the required entries on January 31.

## End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 7 Learning Activity Answer Key to ensure that your answers are correct.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next lesson builds on the outcomes you just finished.



## Assignment 7.1

You are about to start the seventh assignment that will be submitted to the Distance Learning Unit. This assignment is based on the Learning Activities that you have already completed. For each question, note the amount of marks it is worth. Any errors will cause a loss of mark(s). Check your work carefully before submitting it.

### 1. Snips Hair Care – Transactions with GST and PST

- a) Open the file “Mod 7 A1.” Save the file as “Your Name Mod 7 A1.” Record the following transactions for Snips Hair Care for the first week of December in the general journal (starting on page 19). (20 marks)
  - i) Dec. 1—received \$94 plus GST (5%) and PST (8%) from a client for a cut, dry, and style.
  - ii) Dec. 2—purchased advertising space on account from Wedding Watch in the amount of \$375 plus GST (5%) and PST (8%). Purchase Invoice #WW2112.
  - iii) Dec. 3—purchased equipment for use in the business, for \$829, plus GST (5%) and PST (8%), from Hair Etc. Paid with Cheque #113.
  - iv) Dec. 3—charged \$175 plus GST (5%) and PST (8%) to A. Sinosich’s account for various services for the family of four. Issued Sales Invoice #SHC127.
  - v) Dec. 4—received \$394 plus GST (5%) and PST (8%) from a client for wedding party updos.
  - vi) Dec. 4—received and paid the communications bill in the amount of \$155 plus GST (5%) and PST (8%). Paid with Cheque #114.
  - vii) Dec. 5—purchased supplies in the amount of \$130 plus GST (5%) and PST (8%). Paid with Cheque #115.
  - viii) Dec. 5—received \$94 plus GST (5%) and PST (8%) from a client for a cut, dry, and style.
  - ix) Dec. 6—received \$75 plus GST (5%) and PST (8%) from a client for a cut, dry, and style.
  - x) Dec 6.—charged \$158 plus GST (5%) and PST (8%) to M. Longfellow for various services for the family of three. A \$50 deposit was paid in cash. Issued sales invoice #SHC128.

*continued*

## Assignment 7.1 (continued)

### 2. Petty Cash

- Establish a \$100 petty cash fund for Snips Hair Care on December 10, 20XX. Use Cheque #116. Use the same journal from Question 1. (2 marks)
- Using the following vouchers, prepare a petty cash proof for December 10, 20XX, to December 15, 20XX. (3 marks)

Snips Hair Care Petty Cash Voucher		
No. 1		
Date	December 12, 20xx	
Amount		\$6.22
For	Envelopes	
Charge to	Supplies	5.94
	GST Recoverable	0.28
Approved by	<i>authorized signature</i>	
Received by	<i>authorized signature</i>	

Snips Hair Care Petty Cash Voucher		
No. 2		
Date	December 13, 20xx	
Amount		\$24.86
For	Photocopying	
Charge to	Advertising Expense	23.76
	GST Recoverable	1.10
Approved by	<i>authorized signature</i>	
Received by	<i>authorized signature</i>	

*continued*

## Assignment 7.1 (continued)

Snips Hair Care Petty Cash Voucher		
No. 3		
Date	December 15, 20xx	
Amount		\$9.61
For	Stamps	
Charge to	Supplies	9.18
	GST Recoverable	0.43
Approved by	<i>authorized signature</i>	
Received by	<i>authorized signature</i>	

- c) Record the journal entry to replenish the petty cash fund on December 15, with Cheque #117. (3 marks)

*continued*



## Assignment 7.1 (continued)

### 3. Bank Reconciliation

- a) Using the following information, prepare a bank reconciliation statement for Snips Hair Care for the month of January. (8 marks)

Muddy Waters Credit Union				
Snips Hair Care				
2156 Main Street				
Winnipeg, Manitoba			Account Number:	
R2W 1T9			665-5823-1245	
Statement of Chequing Account		From January 1, 20xx	To January 31, 20xx	Page 1
Description	Debits	Credits	Date	Balance
Balance Forward				6,825.00
Deposit		94.00	January 1/xx	6,919.00
Deposit		145.00	January 2/xx	7,064.00
Deposit		85.00	January 3/xx	7,149.00
Deposit		135.00	January 4/xx	7,284.00
Cheque #143	50.00		January 8/xx	7,234.00
Deposit		75.00	January 9/xx	7,309.00
NSF Cheque #128	150.00		January 10/xx	7,159.00
NSF Charges	35.00		January 10/xx	7,124.00
Deposit		94.00	January 12/xx	7,218.00
Deposit		85.00	January 13/xx	7,303.00
Deposit		75.00	January 14/xx	7,378.00
Cheque #144	320.00		January 17/xx	7,058.00
Cheque #145	80.00		January 18/xx	6,978.00
Deposit		94.00	January 20/xx	7,072.00
Deposit		94.00	January 21/xx	7,166.00
Deposit		135.00	January 23/xx	7,301.00
Cheque #146	120.00		January 26/xx	7,181.00
Service Charges	25.00		January 30/xx	7,156.00
Deposit Interest		16.00	January 30/xx	7,172.00
Number of Debits	Total Amount of Debits	Number of Credits	Total Amount of Credits	
7	780.00	12	1,127.00	

*continued*

## Assignment 7.1 (continued)

GENERAL LEDGER							
ACCOUNT		Cash				No.	100
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jan	1		✓			DR	6,825.00
	1		J20	94.00		DR	6,919.00
	2		J20	145.00		DR	7,064.00
	3		J20	85.00		DR	7,149.00
	4		J20	135.00		DR	7,284.00
	8		J20		50.00	DR	7,234.00
	9		J20	75.00		DR	7,309.00
	12		J20	94.00		DR	7,403.00
	13		J20	85.00		DR	7,488.00
	14		J20	75.00		DR	7,563.00
	17		J20		320.00	DR	7,243.00
	18		J20		80.00	DR	7,163.00
	20		J20	94.00		DR	7,257.00
	21		J20	94.00		DR	7,351.00
	23		J20	135.00		DR	7,486.00
	26		J20		120.00	DR	7,366.00
	29		J20	160.00		DR	7,526.00
	31		J20		120.00	DR	7,406.00

- b) Journalize the required transactions on January 31. Use the same journal from Question 1. (4 marks)

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## Notes

## MODULE 7 SUMMARY

Congratulations on completing Module 7! You now know how to prepare a daily cash summary, as well as how to record transactions with GST and PST. You can establish a petty cash fund and replenish it as needed. Finally, you are now able to prepare a bank reconciliation statement as well as journalize the required transactions.

In Module 8, you will learn about payroll. You will be able to calculate wages, salaries, and payroll deductions. This will be helpful if (or when) you have a job. You will also learn how to use a payroll register and will be journalizing payroll transactions.



### Submitting Your Assignments

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It is now time for you to submit Assignment 7.1 to the Distance Learning Unit so that you can receive some feedback on how you are doing in this course. Remember that you must submit all the assignments in this course before you can receive your credit.

Make sure you have completed all parts of your Module 7 assignment and organize your material in the following order:

- Module 7 Cover Sheet (found at the end of the course Introduction)
- Assignment 7.1
  - Excel File “Mod 7 A1”
    - General Journal
    - Petty Cash Summary
    - Bank Reconciliation Statement

For instructions on submitting your assignment, refer to How to Submit Assignments in the course introduction.

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## Notes



GRADE 11 ACCOUNTING  
ESSENTIALS (30S)

Module 7  
Cash Control

Learning Activity Answer Key



# MODULE 7: CASH CONTROL

## Learning Activity 7.1

### Blue Grass Lawn Care

- a) The daily cash float for Blue Grass Lawn Care is \$40. At the end of the day on May 1, 20XX, Blue Grass Lawn Care has \$325 in cash sales and \$740 in debit/credit card sales. There is \$370 in the cash drawer.
- b) Using the information given, prepare the Daily Cash Proof on the following form

*Answer:*

<b>Blue Grass Lawn Care</b>	
<b>Daily Cash Proof</b>	
<b>Date: <u>May 1, 20xx</u></b>	
Total Cash in Drawer	370.00
Less Cash Float	<u>40.00</u>
Total Deposited	330.00
Cash Sales	325.00
Debit/Credit Sales	<u>740.00</u>
Total Sales	1,065.00
Cash Short/Over	<u><u>5.00</u></u>

- c) If there is a cash shortage or overage, record the journal entry for the amount in the following blank general journal page. The entry should be recorded on page 16.

*Answer:*

GENERAL JOURNAL				Page	16
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
May	1	Cash		5.00	
		Cash Short/Over Expense			5.00
		Cash Overage			



**2. Dr. Le Phang, Dentist**

- a) The daily cash float for Dr. Le Phang, Dentist is \$50. At the end of the day on November 1, 20XX, Dr. Le Phang has \$673 in cash sales and \$3,870 in debit/credit card sales. There is \$721 in the cash drawer.
- b) Using the information given, prepare the Daily Cash Proof on the following form.

*Answer:*

<b>Dr. Le Phang, Dentist</b>	
<b>Daily Cash Proof</b>	
<b>Date: <u>November 1, 20xx</u></b>	
Total Cash in Drawer	721.00
Less Cash Float	<u>50.00</u>
Total Deposited	671.00
Cash Sales	673.00
Debit/Credit Sales	<u>3,870.00</u>
Total Sales	4,543.00
Cash Short/Over	<u><u>(2.00)</u></u>

- c) If there is a cash shortage or overage, record the journal entry for the amount in the following blank general journal page. The entry should be recorded on page 30.

*Answer:*

<b>GENERAL JOURNAL</b>			<b>Page</b>	<b>30</b>	
<b>DATE</b>		<b>PARTICULARS</b>	<b>P.R.</b>	<b>DEBIT</b>	<b>CREDIT</b>
20xx					
Nov	1	Cash Short/Over Expense		2.00	
		Cash			2.00
		Cash Shortage			

## Learning Activity 7.2

### 1. Blue Grass Lawn Care

- a) Open the file called “Mod 7 LA 7.2 BGLC.”
- b) Journalize the following transactions for the month of May (starting on page 16).
  - i) May 2—received \$650 plus GST (5%) and PST (8%) from Youth Leader College for landscaping.
  - ii) May 5—purchased advertising space on account from Leisure Guide in the amount of \$250 plus GST (5%) and PST (8%). Purchase Invoice #LG8098.
  - iii) May 8—purchased equipment for use in the business, for \$489, plus PST and GST, from Home Renos. Paid with Cheque #126.
  - iv) May 11—received \$135 plus GST (5%) and PST (8%) from Gurinder Khan for landscaping.
  - v) May 13—charged \$1,375 plus GST (5%) and PST (8%) to Soccer Stadium’s account for lawn maintenance. Issued Sales Invoice #BG1455.
  - vi) May 15—received and paid the Hydro bill in the amount of \$100 plus GST (5%) and PST (8%). Issued Cheque #127.
  - vii) May 18—purchased gas from Stop Shop for \$195 plus GST (5%) and PST (8%). Paid with Cheque #128.
  - viii) May 22—received \$150 plus GST (5%) and PST (8%) from Jeffrey Toews for landscaping.
  - ix) May 27—charged \$450 plus GST (5%) and PST (8%) to Junior Reader Library for landscaping. Issued Sales Invoice #BG1456.
  - x) May 29—received and paid the phone bill in the amount of \$120 plus GST (5%) and PST (8%). Issued Cheque #129.
- c) Determine the GST remittance amount or refund amount. Show your work using T-accounts.

Answer: General Journal

GENERAL JOURNAL			Page	16	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
May	2	Cash		734.50	
		Landscaping Revenue			650.00
		GST Payable			32.50
		PST Payable			52.00
	5	Advertising Expense		270.00	
		GST Recoverable		12.50	
		Accounts Payable—Leisure Guide			282.50
		Purchase Invoice #LG8098			
	8	Equipment		528.12	
		GST Recoverable		24.45	
		Cash			552.57
		Cheque #126			
	11	Cash		152.55	
		Landscaping Revenue			135.00
		GST Payable			6.75
		PST Payable			10.80
	13	Accounts Receivable—Soccer Stadium		1,553.75	
		Lawn Maintenance Revenue			1,375.00
		GST Payable			68.75
		PST Payable			110.00
		Sales Invoice #BG1455			
	15	Hydro Expense		108.00	
		GST Recoverable		5.00	
		Cash			113.00
		Cheque #127			
	18	Gas Expense		210.60	
		GST Recoverable		9.75	
		Cash			220.35
		Cheque #128			
	22	Cash		169.50	
		Landscaping Revenue			150.00
		GST Payable			7.50
		PST Payable			12.00

GENERAL JOURNAL				Page	17
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
May	27	Accounts Receivable—Junior Reader Library		508.50	
		Landscaping Revenue			450.00
		GST Payable			22.50
		PST Payable			36.00
		Sales Invoice #BG1456			
	29	Phone Expense		129.60	
		GST Recoverable		6.00	
		Cash			135.60
		Cheque #129			

*Answer: GST Remittance*

GST Payable			GST Recoverable		
	32.50	May 2	May 5	12.50	
	6.75	11	8	24.45	
	68.75	13	15	5.00	
	7.50	22	18	9.75	
	22.50	27	29	6.00	
	138.00	Balance	Balance	57.70	

Therefore, we had a remittance or refund.

**Remittance** in the amount of **\$80.30** (calculation = 138.00 – 57.70).

## 2. Dr. Le Phang, Dentist

- a) Open the file called “Mod 7 LA 7.2 DLDP.”
- b) Journalize the following transactions for the month of November (starting on page 30).
  - i) Nov. 1—charged \$230 plus GST (5%) and PST (8%) to A. Byrd for dental fees. The amount is due in two weeks. Sales Invoice #LP2110.
  - ii) Nov. 2—purchased advertising space on account from Local Buzz in the amount of \$450 plus GST (5%) and PST (8%). Purchase Invoice #LB587.
  - iii) Nov. 5—purchased equipment for use in the business, for \$876, plus PST and GST, from Small Office Inc. Paid with Cheque #189.
  - iv) Nov. 7—received \$150 plus GST (5%) and PST (8%) from L. Chan for dental fees.
  - v) Nov. 10—charged \$375 plus GST (5%) and PST (8%) to G. Jarzyna for dental fees. The amount is due in two weeks. Sales Invoice #LP2111.
  - vi) Nov. 15—received and paid the cable bill in the amount of \$65 plus GST (5%) and PST (8%). Issued Cheque #190.
  - vii) Nov. 17—charged \$1,350 plus GST (5%) and PST (8%) to C. McIntosh for dental fees. The amount is due in two weeks. Sales Invoice #LP2112.
  - viii) Nov. 20—purchased dental supplies for use in the business, for \$125, plus GST (5%) and PST (8%), from Dental Services Inc. Issued Cheque #191.
  - ix) Nov. 22—received \$550 plus GST (5%) and PST (8%) from T. Smerchanski for dental fees.
  - x) Nov. 25—charged \$725 plus GST (5%) and PST (8%) to L. Chan for dental fees. The amount is due in two weeks. Sales Invoice #LP2113.
- c) Determine the GST remittance amount or refund amount. Show your work using T-accounts.

Answer: General Journal

GENERAL JOURNAL			Page	30	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Nov	1	Accounts Receivable—A. Byrd		259.90	
		Dental Fees			230.00
		GST Payable			11.50
		PST Payable			18.40
		Sales Invoice #LP2110—Due in two weeks			
	2	Advertising Expense		486.00	
		GST Recoverable		22.50	
		Accounts Payable—Local Buzz			508.50
		Purchase Invoice #LB587			
	5	Equipment		946.08	
		GST Recoverable		43.80	
		Cash			989.88
		Cheque #189			
	7	Cash		169.50	
		Dental Fees			150.00
		GST Payable			7.50
		PST Payable			12.00
	10	Accounts Receivable—G. Jarzyna		423.75	
		Dental Fees			375.00
		GST Payable			18.75
		PST Payable			30.00
		Sales Invoice #LP2111—Due in two weeks			
	15	Cable Expense		70.20	
		GST Recoverable		3.25	
		Cash			73.45
		Cheque #190			
	17	Accounts Receivable—C. McIntosh		1,525.50	
		Dental Fees			1,350.00
		GST Payable			67.50
		PST Payable			108.00
		Sales Invoice #LP2112—Due in two weeks			
	20	Dental Supplies		135.00	
		GST Recoverable		6.25	
		Cash			141.25
		Cheque #191			

GENERAL JOURNAL			Page	31	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT
20xx					
Nov	22	Cash		621.50	
		Dental Fees			550.00
		GST Payable			27.50
		PST Payable			44.00
	25	Accounts Receivable—L. Chan		819.25	
		Dental Fees			725.00
		GST Payable			36.25
		PST Payable			58.00
		Sales Invoice #LP2113—Due in two weeks			

*Answer: GST Remittance*

GST Payable			GST Recoverable		
	11.50	Nov 1	Nov 2	22.50	
	7.50	7	5	43.80	
	18.75	10	15	3.25	
	67.50	17	20	6.25	
	27.50	22			
	36.25	25			
	169.00	Balance	Balance	75.80	

Therefore, we had a remittance or refund.

**Remittance** in the amount of **\$93.20** (calculation =  $169.00 - 75.80 = \$93.20$ ).

## Learning Activity 7.3

### 1. Blue Grass Lawn Care

- Open the file called "Mod 7 LA 7.3 BGLC."
- Blue Grass Lawn Care establishes a petty cash fund for \$60 on June 1, 20XX, with Cheque #140. Record the journal entry on page 18.
- Using the following petty cash vouchers for payments made in June by the petty cashier, create a Petty Cash Summary. Cash on hand is \$9.69.

Blue Grass Lawn Care Petty Cash Voucher		
No. 1		
Date	June 5, 20xx	
Amount		\$9.61
For	Coffees for Meeting	
Charge to	Miscellaneous	9.18
	Expense	0.43
	GST Recoverable	
Approved by	<i>authorized signature</i>	
Received by	<i>authorized signature</i>	

Blue Grass Lawn Care Petty Cash Voucher		
No. 2		
Date	June 10, 20xx	
Amount		\$13.58
For	Gas for Lawn Mower	
Charge to	Gas Expense	12.98
	GST Recoverable	0.60
Approved by	<i>authorized signature</i>	
Received by	<i>authorized signature</i>	



<b>Blue Grass Lawn Care Petty Cash Voucher</b>		
No. 3		
Date	June 12, 20xx	
Amount		\$27.12
For	Receipt books	
Charge to	Miscellaneous Expense	25.92
	GST Recoverable	1.20
Approved by	<i>authorized signature</i>	
Received by	<i>authorized signature</i>	

d) Replenish the fund on June 15, 20XX, by journalizing the transaction. Use cheque #141.

*Answer: General Journal*

GENERAL JOURNAL				Page	18
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Jun	1	Petty Cash		60.00	
		Cash			60.00
		To establish the Petty Cash Fund—Cheque #140			
	15	Miscellaneous Expense		35.10	
		Gas Expense		12.98	
		GST Recoverable		2.23	
		Cash			50.31
		To replenish the Petty Cash fund, cheque #141			

*Answer: Petty Cash Summary*

Blue Grass Lawn Care	
Petty Cash Proof	
June 1 to June 15, 20XX	
Miscellaneous Expense	\$ 35.10
Gas Expense	12.98
GST Recoverable	2.23
Total Payments	\$ 50.31
Cash on Hand	9.69
Total of Petty Cash Fund	\$ 60.00
Cheque Request	\$ 50.31
Number of Vouchers	3

**2. Dr. Le Phang, Dentist**

- a) Open the file called "Mod 7 LA 7.3 DLPD."
- b) Dr. Le Phang establishes a petty cash fund for \$100 on December 1, 20XX, with Cheque #200. Record the journal entry on page 31.
- c) Using the following petty cash vouchers for payments made in December by the petty cashier, create a Petty Cash Summary. Cash on hand is \$36.72.

<b>Dr. Le Phang, Dentist</b>		
<b>Petty Cash Voucher</b>		
No. 1		
Date	December 3, 20xx	
Amount		\$10.17
For	Dental Floss	
Charge to	Dental Supplies	9.72
	GST Recoverable	0.45
Approved by	<i>authorized signature</i>	
Received by	<i>authorized signature</i>	

Dr. Le Phang, Dentish Petty Cash Voucher		
No. 2		
Date	December 8, 20xx	
Amount		\$14.69
For	Photocopying	
Charge to	Advertising Expense	14.04
	GST Recoverable	0.65
Approved by	<i>authorized signature</i>	
Received by	<i>authorized signature</i>	

Dr. Le Phang, Dentish Petty Cash Voucher		
No. 3		
Date	December 14, 20xx	
Amount		\$38.42
For	Toothbrushes	
Charge to	Dental Supplies	36.72
	GST Recoverable	1.70
Approved by	<i>authorized signature</i>	
Received by	<i>authorized signature</i>	

- d) Replenish the fund on December 15, 20XX, by journalizing the transaction. Use Cheque #201.

*Answer: General Journal*

GENERAL JOURNAL			Page	31	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Dec	1	Petty Cash		100.00	
		Cash			100.00
		To establish a Petty Cash Fund—Cheque #200			
	15	Dental Supplies		46.44	
		Advertising Expense		14.04	
		GST Recoverable		2.80	
		Cash			63.28
		To replenish the Petty Cash fund, cheque #201			

*Answer: Petty Cash Summary*

Dr. Le Phang, Dentist	
Petty Cash Proof	
December 1 to December 15, 20xx	
Dental Supplies	\$ 46.44
Advertising Expense	14.04
GST Recoverable	2.80
Total Payments	\$ 63.28
Cash on Hand	48.06
Total of Fund	\$ 111.34
Cheque Request	\$ 63.28
Number of Vouchers	3

## Learning Activity 7.4

### 1. Blue Grass Lawn Care

- Open the file called "Mod 7 LA 7.4 BGLC."
- Using the following information, create a bank reconciliation statement for July 31, 20XX.

GENERAL LEDGER							
ACCOUNT		Cash				No.	100
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
July	1		✓			DR	8,170.00
	1		J40	45.00		DR	8,215.00
	3		J40		350.00	DR	7,865.00
	4		J40	125.00		DR	7,990.00
	7		J40	75.00		DR	8,065.00
	8		J40	398.00		DR	8,463.00
	12		J40	225.00		DR	8,688.00
	15		J40		50.29	DR	8,637.71
	17		J40	75.00		DR	8,712.71
	19		J40		2,987.00	DR	5,725.71
	21		J40	295.00		DR	6,020.71
	22		J40	387.00		DR	6,407.71
	23		J40		125.00	DR	6,282.71
	26		J40	75.00		DR	6,357.71
	28		J40		100.00	DR	6,257.71
	31		J40	125.00		DR	6,382.71

Muddy Waters Credit Union				
Blue Grass Lawn Care				
1459 McGillivray Highway				
Winnipeg, Manitoba			Account Number:	
R3L 1F5			622-1234-6547	
Statement of Chequing Account		From July 1, 20xx	To July 31, 20xx	Page 1
Description	Debits	Credits	Date	Balance
Balance Forward				8,170.00
Deposit		45.00	July 1/xx	8,215.00
Cheque #151	350.00		July 3/xx	7,865.00
Deposit		125.00	July 4/xx	7,990.00
Deposit		75.00	July 7/xx	8,065.00
Deposit		398.00	July 8/xx	8,463.00
Deposit		225.00	July 12/xx	8,688.00
NSF Cheque #23	50.00		July 13/xx	8,638.00
NSF Charges	35.00		July 13/xx	8,603.00
Cheque #152	50.29		July 15/xx	8,552.71
Deposit		75.00	July 17/xx	8,627.71
Cheque #153	2,987.00		July 19/xx	5,640.71
Deposit		295.00	July 21/xx	5,935.71
Deposit		387.00	July 22/xx	6,322.71
Cheque #154	125.00		July 23/xx	6,197.71
Deposit		75.00	July 26/xx	6,272.71
Service Charges	14.99		July 31/xx	6,257.72
Deposit Interest		14.25	July 31/xx	6,271.97
Number of Debits	Total Amount of Debits	Number of Credits	Total Amount of Credits	
7	3,612.28	10	1,714.25	

c) Journalize the required entries on July 31.

*Answer: Bank Reconciliation Statement*

Blue Grass Lawn Care		
Bank Reconciliation Statement		
July 31, 20XX		
Bank Statement Balance (July 31, 20xx)		\$ 6,271.97
Add: Unrecorded July 31 deposit	\$ 125.00	
Less: Outstanding Cheque #155	100.00	
Correct Bank Balance		\$ 6,296.97
Cash Balance per Ledger (July 31, 20xx)		\$ 6,382.71
Add: Interest Earned	\$ 14.25	
Less: Service Charges	14.99	
Less: NSF (Cheque #23) and Charges	85.00	
Correct Cash Balance		\$ 6,296.97

*Answer: General Journal*

GENERAL JOURNAL				Page	18
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Jul	31	Bank Service Charge Expense		14.99	
		Cash			14.99
		July bank service charges			
	31	Accounts Receivable—G. Khan		85.00	
		Cash			85.00
		NSF cheque #23 \$50, bank charges \$35			
	31	Cash		14.25	
		Interest Revenue			14.25
		Deposit interest earned			

2. **Dr. Le Phang, Dentist**

- a) Open the file called "Mod 7 LA 7.4 DLPD."
- b) Using the following information, create a bank reconciliation statement for January 31, 20XX.

GENERAL LEDGER							
ACCOUNT		Cash	No. 100				
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jan	1		✓			DR	11,325.00
	1		J38		253.00	DR	11,072.00
	2		J38		632.00	DR	10,490.00
	6		J38	500.00		DR	10,940.00
	8		J38		257.00	DR	10,683.00
	9		J38		324.00	DR	10,359.00
	12		J38	3,564.00		DR	13,923.00
	13		J38		125.00	DR	13,798.00
	15		J38		750.00	DR	13,048.00
	16		J38	125.00		DR	13,173.00
	19		J38	100.00		DR	13,273.00
	20		J38		125.00	DR	13,148.00
	22		J38		330.00	DR	12,818.00
	25		J38		485.00	DR	10,333.00
	28		J38	250.00		DR	12,583.00
	31		J38		75.00	DR	12,508.00



Muddy Waters Credit Union				
Dr. Le Phang, Dentist				
2237 Leila Avenue				
Winnipeg, Manitoba			Account Number:	
R3W 1F5			622-1234-1285	
Statement of Chequing Account		From January 1, 20xx	To January 31, 20xx	Page 1
Description	Debits	Credits	Date	Balance
Balance Forward				13,341.00
Deposit		253.00	January 1/xx	13,594.00
Deposit		632.00	January 2/xx	14,226.00
Cheque #230	500.00		January 6/xx	13,726.00
Deposit		257.00	January 8/xx	13,983.00
Deposit		324.00	January 9/xx	14,307.00
Cheque #231	3,564.00		January 12/xx	10,743.00
NSF Cheque #08	125.00		January 12/xx	10,618.00
NSF Charges	35.00		January 12/xx	10,583.00
Deposit		125.00	January 13/xx	10,708.00
Deposit		750.00	January 15/xx	11,458.00
Cheque #232	125.00		January 16/xx	11,333.00
Cheque #233	100.00		January 19/xx	11,233.00
Deposit		125.00	January 20/xx	11,358.00
Deposit		330.00	January 22/xx	11,688.00
Deposit		485.00	January 25/xx	12,173.00
Service Charges	20.00		January 30/xx	12,153.00
Deposit Interest		16.80	January 30/xx	12,169.80
Number of Debits	Total Amount of Debits	Number of Credits	Total Amount of Credits	
7	4,469.00	10	3,297.80	

c) Journalize the required entries on January 31.

*Answer: Bank Reconciliation Statement*

Dr. Le Phang, Dentist		
Bank Reconciliation Statement		
January 31, 20xx		
Bank Statement Balance (January 31, 20xx)		\$ 12,169.80
Add: Unrecorded January 31 deposit	\$ 250.00	
Less: Outstanding Cheque #234	75.00	
Correct Bank Balance		\$ 12,344.80
Cash Balance per Ledger (January 31, 20xx)		\$ 12,508.00
Add: Interest Earned	\$ 16.80	
Less: Service Charges	20.00	
Less: NSF (Cheque #08) and Charges	160.00	
Correct Cash Balance		\$ 12,344.80

*Answer: General Journal*

GENERAL JOURNAL				Page	18
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Jan	31	Bank Service Charge Expense		20.00	
		Cash			20.00
		January bank service charges			
	31	Accounts Receivable—A. Byrd		160.00	
		Cash			160.00
		NSF cheque #08 \$125, bank charges \$35			
	31	Cash		16.80	
		Interest Revenue			16.80
		Deposit interest earned			

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## Notes

## MODULE 7 SUMMARY

Congratulations on completing Module 7! You now know how to prepare a daily cash summary, as well as how to record transactions with GST and PST. You can establish a petty cash fund and replenish it as needed. Finally, you are now able to prepare a bank reconciliation statement as well as journalize the required transactions.

In Module 8, you will learn about payroll. You will be able to calculate wages, salaries, and payroll deductions. This will be helpful if (or when) you have a job. You will also learn how to use a payroll register and will be journalizing payroll transactions.



### Submitting Your Assignments

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It is now time for you to submit Assignment 7.1 to the Distance Learning Unit so that you can receive some feedback on how you are doing in this course. Remember that you must submit all the assignments in this course before you can receive your credit.

Make sure you have completed all parts of your Module 7 assignment and organize your material in the following order:

- Module 7 Cover Sheet (found at the end of the course Introduction)
- Assignment 7.1
  - Excel File “Mod 7 A1”
    - General Journal
    - Petty Cash Summary
    - Bank Reconciliation Statement

For instructions on submitting your assignment, refer to How to Submit Assignments in the course introduction.

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## Notes



GRADE 11 ACCOUNTING  
ESSENTIALS (30S)

Module 7  
Cash Control

Learning Activity Answer Key



# MODULE 7: CASH CONTROL

## Learning Activity 7.1

### Blue Grass Lawn Care

- a) The daily cash float for Blue Grass Lawn Care is \$40. At the end of the day on May 1, 20XX, Blue Grass Lawn Care has \$325 in cash sales and \$740 in debit/credit card sales. There is \$370 in the cash drawer.
- b) Using the information given, prepare the Daily Cash Proof on the following form

*Answer:*

<b>Blue Grass Lawn Care</b>	
<b>Daily Cash Proof</b>	
<b>Date: <u>May 1, 20xx</u></b>	
Total Cash in Drawer	370.00
Less Cash Float	<u>40.00</u>
Total Deposited	330.00
Cash Sales	325.00
Debit/Credit Sales	<u>740.00</u>
Total Sales	1,065.00
Cash Short/Over	<u><u>5.00</u></u>

- c) If there is a cash shortage or overage, record the journal entry for the amount in the following blank general journal page. The entry should be recorded on page 16.

*Answer:*

GENERAL JOURNAL				Page	16
DATE	PARTICULARS		P.R.	DEBIT	CREDIT
20xx					
May	1	Cash		5.00	
		Cash Short/Over Expense			5.00
		Cash Overage			



**2. Dr. Le Phang, Dentist**

- a) The daily cash float for Dr. Le Phang, Dentist is \$50. At the end of the day on November 1, 20XX, Dr. Le Phang has \$673 in cash sales and \$3,870 in debit/credit card sales. There is \$721 in the cash drawer.
- b) Using the information given, prepare the Daily Cash Proof on the following form.

*Answer:*

<b>Dr. Le Phang, Dentist</b>	
<b>Daily Cash Proof</b>	
<b>Date: <u>November 1, 20xx</u></b>	
Total Cash in Drawer	721.00
Less Cash Float	<u>50.00</u>
Total Deposited	671.00
Cash Sales	673.00
Debit/Credit Sales	<u>3,870.00</u>
Total Sales	4,543.00
Cash Short/Over	<u><u>(2.00)</u></u>

- c) If there is a cash shortage or overage, record the journal entry for the amount in the following blank general journal page. The entry should be recorded on page 30.

*Answer:*

GENERAL JOURNAL			Page	30
DATE	PARTICULARS	P.R.	DEBIT	CREDIT
20xx				
Nov	1		2.00	
	Cash			2.00
	Cash Shortage			

## Learning Activity 7.2

### 1. Blue Grass Lawn Care

- a) Open the file called “Mod 7 LA 7.2 BGLC.”
- b) Journalize the following transactions for the month of May (starting on page 16).
  - i) May 2—received \$650 plus GST (5%) and PST (8%) from Youth Leader College for landscaping.
  - ii) May 5—purchased advertising space on account from Leisure Guide in the amount of \$250 plus GST (5%) and PST (8%). Purchase Invoice #LG8098.
  - iii) May 8—purchased equipment for use in the business, for \$489, plus PST and GST, from Home Renos. Paid with Cheque #126.
  - iv) May 11—received \$135 plus GST (5%) and PST (8%) from Gurinder Khan for landscaping.
  - v) May 13—charged \$1,375 plus GST (5%) and PST (8%) to Soccer Stadium’s account for lawn maintenance. Issued Sales Invoice #BG1455.
  - vi) May 15—received and paid the Hydro bill in the amount of \$100 plus GST (5%) and PST (8%). Issued Cheque #127.
  - vii) May 18—purchased gas from Stop Shop for \$195 plus GST (5%) and PST (8%). Paid with Cheque #128.
  - viii) May 22—received \$150 plus GST (5%) and PST (8%) from Jeffrey Toews for landscaping.
  - ix) May 27—charged \$450 plus GST (5%) and PST (8%) to Junior Reader Library for landscaping. Issued Sales Invoice #BG1456.
  - x) May 29—received and paid the phone bill in the amount of \$120 plus GST (5%) and PST (8%). Issued Cheque #129.
- c) Determine the GST remittance amount or refund amount. Show your work using T-accounts.

Answer: General Journal

GENERAL JOURNAL			Page	16	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
May	2	Cash		734.50	
		Landscaping Revenue			650.00
		GST Payable			32.50
		PST Payable			52.00
	5	Advertising Expense		270.00	
		GST Recoverable		12.50	
		Accounts Payable—Leisure Guide			282.50
		Purchase Invoice #LG8098			
	8	Equipment		528.12	
		GST Recoverable		24.45	
		Cash			552.57
		Cheque #126			
	11	Cash		152.55	
		Landscaping Revenue			135.00
		GST Payable			6.75
		PST Payable			10.80
	13	Accounts Receivable—Soccer Stadium		1,553.75	
		Lawn Maintenance Revenue			1,375.00
		GST Payable			68.75
		PST Payable			110.00
		Sales Invoice #BG1455			
	15	Hydro Expense		108.00	
		GST Recoverable		5.00	
		Cash			113.00
		Cheque #127			
	18	Gas Expense		210.60	
		GST Recoverable		9.75	
		Cash			220.35
		Cheque #128			
	22	Cash		169.50	
		Landscaping Revenue			150.00
		GST Payable			7.50
		PST Payable			12.00

GENERAL JOURNAL			Page	17	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
May	27	Accounts Receivable—Junior Reader Library		508.50	
		Landscaping Revenue			450.00
		GST Payable			22.50
		PST Payable			36.00
		Sales Invoice #BG1456			
	29	Phone Expense		129.60	
		GST Recoverable		6.00	
		Cash			135.60
		Cheque #129			

*Answer: GST Remittance*

GST Payable			GST Recoverable		
	32.50	May 2	May 5	12.50	
	6.75	11	8	24.45	
	68.75	13	15	5.00	
	7.50	22	18	9.75	
	22.50	27	29	6.00	
	138.00	Balance	Balance	57.70	

Therefore, we had a remittance or refund.

**Remittance** in the amount of **\$80.30** (calculation = 138.00 – 57.70).

## 2. Dr. Le Phang, Dentist

- a) Open the file called “Mod 7 LA 7.2 DLDP.”
- b) Journalize the following transactions for the month of November (starting on page 30).
  - i) Nov. 1—charged \$230 plus GST (5%) and PST (8%) to A. Byrd for dental fees. The amount is due in two weeks. Sales Invoice #LP2110.
  - ii) Nov. 2—purchased advertising space on account from Local Buzz in the amount of \$450 plus GST (5%) and PST (8%). Purchase Invoice #LB587.
  - iii) Nov. 5—purchased equipment for use in the business, for \$876, plus PST and GST, from Small Office Inc. Paid with Cheque #189.
  - iv) Nov. 7—received \$150 plus GST (5%) and PST (8%) from L. Chan for dental fees.
  - v) Nov. 10—charged \$375 plus GST (5%) and PST (8%) to G. Jarzyna for dental fees. The amount is due in two weeks. Sales Invoice #LP2111.
  - vi) Nov. 15—received and paid the cable bill in the amount of \$65 plus GST (5%) and PST (8%). Issued Cheque #190.
  - vii) Nov. 17—charged \$1,350 plus GST (5%) and PST (8%) to C. McIntosh for dental fees. The amount is due in two weeks. Sales Invoice #LP2112.
  - viii) Nov. 20—purchased dental supplies for use in the business, for \$125, plus GST (5%) and PST (8%), from Dental Services Inc. Issued Cheque #191.
  - ix) Nov. 22—received \$550 plus GST (5%) and PST (8%) from T. Smerchanski for dental fees.
  - x) Nov. 25—charged \$725 plus GST (5%) and PST (8%) to L. Chan for dental fees. The amount is due in two weeks. Sales Invoice #LP2113.
- c) Determine the GST remittance amount or refund amount. Show your work using T-accounts.

Answer: General Journal

GENERAL JOURNAL			Page	30	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Nov	1	Accounts Receivable—A. Byrd		259.90	
		Dental Fees			230.00
		GST Payable			11.50
		PST Payable			18.40
		Sales Invoice #LP2110—Due in two weeks			
	2	Advertising Expense		486.00	
		GST Recoverable		22.50	
		Accounts Payable—Local Buzz			508.50
		Purchase Invoice #LB587			
	5	Equipment		946.08	
		GST Recoverable		43.80	
		Cash			989.88
		Cheque #189			
	7	Cash		169.50	
		Dental Fees			150.00
		GST Payable			7.50
		PST Payable			12.00
	10	Accounts Receivable—G. Jarzyna		423.75	
		Dental Fees			375.00
		GST Payable			18.75
		PST Payable			30.00
		Sales Invoice #LP2111—Due in two weeks			
	15	Cable Expense		70.20	
		GST Recoverable		3.25	
		Cash			73.45
		Cheque #190			
	17	Accounts Receivable—C. McIntosh		1,525.50	
		Dental Fees			1,350.00
		GST Payable			67.50
		PST Payable			108.00
		Sales Invoice #LP2112—Due in two weeks			
	20	Dental Supplies		135.00	
		GST Recoverable		6.25	
		Cash			141.25
		Cheque #191			

GENERAL JOURNAL			Page	31	
DATE	PARTICULARS		P.R.	DEBIT	CREDIT
20xx					
Nov	22	Cash		621.50	
		Dental Fees			550.00
		GST Payable			27.50
		PST Payable			44.00
	25	Accounts Receivable—L. Chan		819.25	
		Dental Fees			725.00
		GST Payable			36.25
		PST Payable			58.00
		Sales Invoice #LP2113—Due in two weeks			

*Answer: GST Remittance*

GST Payable			GST Recoverable		
	11.50	Nov 1	Nov 2	22.50	
	7.50	7	5	43.80	
	18.75	10	15	3.25	
	67.50	17	20	6.25	
	27.50	22			
	36.25	25			
	169.00	Balance	Balance	75.80	

Therefore, we had a remittance or refund.

**Remittance** in the amount of **\$93.20** (calculation =  $169.00 - 75.80 = \$93.20$ ).

## Learning Activity 7.3

### 1. Blue Grass Lawn Care

- Open the file called "Mod 7 LA 7.3 BGLC."
- Blue Grass Lawn Care establishes a petty cash fund for \$60 on June 1, 20XX, with Cheque #140. Record the journal entry on page 18.
- Using the following petty cash vouchers for payments made in June by the petty cashier, create a Petty Cash Summary. Cash on hand is \$9.69.

Blue Grass Lawn Care Petty Cash Voucher		
No. 1		
Date	June 5, 20xx	
Amount		\$9.61
For	Coffees for Meeting	
Charge to	Miscellaneous	9.18
	Expense	0.43
	GST Recoverable	
Approved by	<i>authorized signature</i>	
Received by	<i>authorized signature</i>	

Blue Grass Lawn Care Petty Cash Voucher		
No. 2		
Date	June 10, 20xx	
Amount		\$13.58
For	Gas for Lawn Mower	
Charge to	Gas Expense	12.98
	GST Recoverable	0.60
Approved by	<i>authorized signature</i>	
Received by	<i>authorized signature</i>	



<b>Blue Grass Lawn Care Petty Cash Voucher</b>		
No. 3		
Date	June 12, 20xx	
Amount		\$27.12
For	Receipt books	
Charge to	Miscellaneous	25.92
	Expense	1.20
	GST Recoverable	
Approved by	<i>authorized signature</i>	
Received by	<i>authorized signature</i>	

d) Replenish the fund on June 15, 20XX, by journalizing the transaction. Use cheque #141.

*Answer: General Journal*

GENERAL JOURNAL				Page	18
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Jun	1	Petty Cash		60.00	
		Cash			60.00
		To establish the Petty Cash Fund—Cheque #140			
	15	Miscellaneous Expense		35.10	
		Gas Expense		12.98	
		GST Recoverable		2.23	
		Cash			50.31
		To replenish the Petty Cash fund, cheque #141			

*Answer: Petty Cash Summary*

Blue Grass Lawn Care	
Petty Cash Proof	
June 1 to June 15, 20XX	
Miscellaneous Expense	\$ 35.10
Gas Expense	12.98
GST Recoverable	2.23
Total Payments	\$ 50.31
Cash on Hand	9.69
Total of Petty Cash Fund	\$ 60.00
Cheque Request	\$ 50.31
Number of Vouchers	3

**2. Dr. Le Phang, Dentist**

- Open the file called "Mod 7 LA 7.3 DLPD."
- Dr. Le Phang establishes a petty cash fund for \$100 on December 1, 20XX, with Cheque #200. Record the journal entry on page 31.
- Using the following petty cash vouchers for payments made in December by the petty cashier, create a Petty Cash Summary. Cash on hand is \$36.72.

Dr. Le Phang, Dentist Petty Cash Voucher		
No. 1		
Date	December 3, 20xx	
Amount		\$10.17
For	Dental Floss	
Charge to	Dental Supplies	9.72
	GST Recoverable	0.45
Approved by	<i>authorized signature</i>	
Received by	<i>authorized signature</i>	

<b>Dr. Le Phang, Dentish Petty Cash Voucher</b>		
No. 2		
Date	December 8, 20xx	
Amount		\$14.69
For	Photocopying	
Charge to	Advertising Expense	14.04
	GST Recoverable	0.65
Approved by	<i>authorized signature</i>	
Received by	<i>authorized signature</i>	

<b>Dr. Le Phang, Dentish Petty Cash Voucher</b>		
No. 3		
Date	December 14, 20xx	
Amount		\$38.42
For	Toothbrushes	
Charge to	Dental Supplies	36.72
	GST Recoverable	1.70
Approved by	<i>authorized signature</i>	
Received by	<i>authorized signature</i>	

- d) Replenish the fund on December 15, 20XX, by journalizing the transaction. Use Cheque #201.

*Answer: General Journal*

GENERAL JOURNAL			Page	31	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Dec	1	Petty Cash		100.00	
		Cash			100.00
		To establish a Petty Cash Fund—Cheque #200			
	15	Dental Supplies		46.44	
		Advertising Expense		14.04	
		GST Recoverable		2.80	
		Cash			63.28
		To replenish the Petty Cash fund, cheque #201			

*Answer: Petty Cash Summary*

Dr. Le Phang, Dentist	
Petty Cash Proof	
December 1 to December 15, 20xx	
Dental Supplies	\$ 46.44
Advertising Expense	14.04
GST Recoverable	2.80
Total Payments	\$ 63.28
Cash on Hand	48.06
Total of Fund	\$ 111.34
Cheque Request	\$ 63.28
Number of Vouchers	3

## Learning Activity 7.4

### 1. Blue Grass Lawn Care

- Open the file called "Mod 7 LA 7.4 BGLC."
- Using the following information, create a bank reconciliation statement for July 31, 20XX.

GENERAL LEDGER							
ACCOUNT		Cash				No.	100
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
July	1		✓			DR	8,170.00
	1		J40	45.00		DR	8,215.00
	3		J40		350.00	DR	7,865.00
	4		J40	125.00		DR	7,990.00
	7		J40	75.00		DR	8,065.00
	8		J40	398.00		DR	8,463.00
	12		J40	225.00		DR	8,688.00
	15		J40		50.29	DR	8,637.71
	17		J40	75.00		DR	8,712.71
	19		J40		2,987.00	DR	5,725.71
	21		J40	295.00		DR	6,020.71
	22		J40	387.00		DR	6,407.71
	23		J40		125.00	DR	6,282.71
	26		J40	75.00		DR	6,357.71
	28		J40		100.00	DR	6,257.71
	31		J40	125.00		DR	6,382.71

Muddy Waters Credit Union				
Blue Grass Lawn Care				
1459 McGillivray Highway				
Winnipeg, Manitoba			Account Number:	
R3L 1F5			622-1234-6547	
Statement of Chequing Account		From July 1, 20xx	To July 31, 20xx	Page 1
Description	Debits	Credits	Date	Balance
Balance Forward				8,170.00
Deposit		45.00	July 1/xx	8,215.00
Cheque #151	350.00		July 3/xx	7,865.00
Deposit		125.00	July 4/xx	7,990.00
Deposit		75.00	July 7/xx	8,065.00
Deposit		398.00	July 8/xx	8,463.00
Deposit		225.00	July 12/xx	8,688.00
NSF Cheque #23	50.00		July 13/xx	8,638.00
NSF Charges	35.00		July 13/xx	8,603.00
Cheque #152	50.29		July 15/xx	8,552.71
Deposit		75.00	July 17/xx	8,627.71
Cheque #153	2,987.00		July 19/xx	5,640.71
Deposit		295.00	July 21/xx	5,935.71
Deposit		387.00	July 22/xx	6,322.71
Cheque #154	125.00		July 23/xx	6,197.71
Deposit		75.00	July 26/xx	6,272.71
Service Charges	14.99		July 31/xx	6,257.72
Deposit Interest		14.25	July 31/xx	6,271.97
Number of Debits	Total Amount of Debits	Number of Credits	Total Amount of Credits	
7	3,612.28	10	1,714.25	

c) Journalize the required entries on July 31.

*Answer: Bank Reconciliation Statement*

Blue Grass Lawn Care		
Bank Reconciliation Statement		
July 31, 20XX		
Bank Statement Balance (July 31, 20xx)		\$ 6,271.97
Add: Unrecorded July 31 deposit	\$ 125.00	
Less: Outstanding Cheque #155	100.00	
Correct Bank Balance		\$ 6,296.97
Cash Balance per Ledger (July 31, 20xx)		\$ 6,382.71
Add: Interest Earned	\$ 14.25	
Less: Service Charges	14.99	
Less: NSF (Cheque #23) and Charges	85.00	
Correct Cash Balance		\$ 6,296.97

*Answer: General Journal*

GENERAL JOURNAL				Page	18
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Jul	31	Bank Service Charge Expense		14.99	
		Cash			14.99
		July bank service charges			
	31	Accounts Receivable—G. Khan		85.00	
		Cash			85.00
		NSF cheque #23 \$50, bank charges \$35			
	31	Cash		14.25	
		Interest Revenue			14.25
		Deposit interest earned			

2. **Dr. Le Phang, Dentist**

- a) Open the file called "Mod 7 LA 7.4 DLPD."
- b) Using the following information, create a bank reconciliation statement for January 31, 20XX.

GENERAL LEDGER							
ACCOUNT		Cash	No. 100				
DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR. CR.	BALANCE
20xx							
Jan	1		✓			DR	11,325.00
	1		J38		253.00	DR	11,072.00
	2		J38		632.00	DR	10,490.00
	6		J38	500.00		DR	10,940.00
	8		J38		257.00	DR	10,683.00
	9		J38		324.00	DR	10,359.00
	12		J38	3,564.00		DR	13,923.00
	13		J38		125.00	DR	13,798.00
	15		J38		750.00	DR	13,048.00
	16		J38	125.00		DR	13,173.00
	19		J38	100.00		DR	13,273.00
	20		J38		125.00	DR	13,148.00
	22		J38		330.00	DR	12,818.00
	25		J38		485.00	DR	10,333.00
	28		J38	250.00		DR	12,583.00
	31		J38		75.00	DR	12,508.00



Muddy Waters Credit Union				
Dr. Le Phang, Dentist				
2237 Leila Avenue				
Winnipeg, Manitoba			Account Number:	
R3W 1F5			622-1234-1285	
Statement of Chequing Account		From January 1, 20xx	To January 31, 20xx	Page 1
Description	Debits	Credits	Date	Balance
Balance Forward				13,341.00
Deposit		253.00	January 1/xx	13,594.00
Deposit		632.00	January 2/xx	14,226.00
Cheque #230	500.00		January 6/xx	13,726.00
Deposit		257.00	January 8/xx	13,983.00
Deposit		324.00	January 9/xx	14,307.00
Cheque #231	3,564.00		January 12/xx	10,743.00
NSF Cheque #08	125.00		January 12/xx	10,618.00
NSF Charges	35.00		January 12/xx	10,583.00
Deposit		125.00	January 13/xx	10,708.00
Deposit		750.00	January 15/xx	11,458.00
Cheque #232	125.00		January 16/xx	11,333.00
Cheque #233	100.00		January 19/xx	11,233.00
Deposit		125.00	January 20/xx	11,358.00
Deposit		330.00	January 22/xx	11,688.00
Deposit		485.00	January 25/xx	12,173.00
Service Charges	20.00		January 30/xx	12,153.00
Deposit Interest		16.80	January 30/xx	12,169.80
Number of Debits	Total Amount of Debits	Number of Credits	Total Amount of Credits	
7	4,469.00	10	3,297.80	

c) Journalize the required entries on January 31.

*Answer: Bank Reconciliation Statement*

Dr. Le Phang, Dentist		
Bank Reconciliation Statement		
January 31, 20xx		
Bank Statement Balance (January 31, 20xx)		\$ 12,169.80
Add: Unrecorded January 31 deposit	\$ 250.00	
Less: Outstanding Cheque #234	75.00	
Correct Bank Balance		<u>\$ 12,344.80</u>
Cash Balance per Ledger (January 31, 20xx)		\$ 12,508.00
Add: Interest Earned	\$ 16.80	
Less: Service Charges	20.00	
Less: NSF (Cheque #08) and Charges	160.00	
Correct Cash Balance		<u>\$ 12,344.80</u>

*Answer: General Journal*

GENERAL JOURNAL				Page	18
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Jan	31	Bank Service Charge Expense		20.00	
		Cash			20.00
		January bank service charges			
	31	Accounts Receivable—A. Byrd		160.00	
		Cash			160.00
		NSF cheque #08 \$125, bank charges \$35			
	31	Cash		16.80	
		Interest Revenue			16.80
		Deposit interest earned			

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## Notes

## **Supporting Videos for Grade 11 Accounting**

### Module 7

1. [Video - Cash Receipts Internal Controls - Cash Register Internal Controls](#)
2. [Video - Cash Control & Credit Control](#)



GRADE 11 ACCOUNTING  
ESSENTIALS (30S)

Module 8  
Payroll



# MODULE 8: PAYROLL

## Introduction

Payroll affects everyone in some way, either as an employer or as an employee.

This module outlines employment standards in Canada and illustrates the process of paying employees. Each lesson describes a different step in payroll accounting.

The forms and tables used throughout this module were taken from the Canada Revenue Agency's website in 2015 and are used with the Agency's permission. The following is a list of those forms and tables:

- 2014 Personal Tax Credits Return
- Canada Pension Plan Contributions
- Employment Insurance Premiums
- Federal Tax Deductions
- Manitoba Provincial Tax Deductions

There are learning activities at the end of each lesson. The learning activities will help you prepare for the assignment. Remember, every module builds on the last, so it is important that you understand the concepts before moving on.

## Assignments in Module 8

When you have completed the assignment for Module 8, submit your completed assignment to the Distance Learning Unit either by mail or electronically through the learning management system (LMS). The staff will forward your work to your tutor/marker.

Lesson	Assignment	Marks
4	Assignment 8.1	25

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## Notes



# LESSON 1: CALCULATING WAGES AND SALARIES

## Lesson Focus

By the end of this lesson, you should be able to

- explain the purpose of a social insurance number
- compare/contrast salaries, commissions, and wages
- calculate gross earnings
- define the term pay period

## Introduction

In this lesson, you will have the opportunity to calculate gross earnings based on different rates of pay and pay periods. Federal legislation provides for employment standards in Canada. This lesson outlines such standards.

But first, you will look at the purpose of a social insurance number.

## Social Insurance Number

A social insurance number (SIN) permanently identifies every citizen in Canada. A unique nine-digit number appears on every social insurance card. A person who does not have a job can still apply for a SIN card. The government uses the number to direct information to an individual's file or account. The SIN also ensures that employees get proper credit for their contributions to their Canada Pension Plan, Employment Insurance, and Income Tax.

The federal and provincial laws require all employers with one or more employees to keep payroll records. The employer must submit detailed payroll information to Revenue Canada each year. This means that it is impossible to hire an employee who does not possess a social insurance number.

## Rates of Pay

Paying employees is a very important part of accounting. After all, without your employees, a business wouldn't run very well. Various payment methods are used to pay employees such as salary, wages (hourly rate, overtime rate, and piece rate), commission, and a combination of salary and commission.



A **salary** is a set amount of pay for a specified period of time (e.g., monthly or yearly). **Wages** are based on a set hourly rate for each hour worked.

**Commission** is often paid as a percentage of employee sales.

At Strong Arm Fitness, there are both salaried employees and wage earning employees.

### Gross Earnings

Gross earnings are an employee's earnings before deductions. Note that it is important for all wage earners to keep a daily record of hours worked to verify that the amount of their pay cheque is correct.

### Minimum Wages

All employees must be paid a minimum hourly wage, which is set by the provincial government.

### Hours of Work

A regular week consists of a five-day week, eight hours per day, for a total of 40 hours per week.

### Pay Period

A pay period is the period of time that the earnings represent. Pay periods can be weekly (every week), bi-weekly (every two weeks), semi-monthly (twice a month), or monthly.

## Calculating Gross Earnings—Salaried Employee

Rebecca Horowitz is the Fitness Coordinator at Strong Arm Fitness. She earns a total salary of \$48,000 per year.

If Rebecca was to be paid on a monthly basis, you would calculate her monthly income by taking her annual salary amount of \$48,000 and dividing it by 12 months.

$$\$48,000 \div 12 \text{ months} = \$4,000$$

Rebecca's gross earnings for the month would be \$4,000.

In this case, Rebecca is paid by Strong Arm Fitness on a bi-weekly basis (every two weeks). This means there are 26 pay periods in a year (52 weeks in a year, divided by 2, as she is only getting paid every second week). To figure out her gross earnings for her pay period, you have to divide her salary by 26 periods.

$$\$48,000 \div 26 = \$1,846.15$$

Rebecca's gross earnings for her bi-weekly pay period are \$1,846.15.

## Calculating Gross Earnings—Wage Earning Employee

Samson Clarke is an hourly paid employee at Strong Arm Fitness who works at the membership desk. Samson is paid \$15 an hour. Samson is a full-time employee who works five days a week, 8.5 hours a day. Samson receives an unpaid 30 minute lunch break, so he is paid for **eight** hours per day.

Samson is also paid bi-weekly (every two weeks). To calculate Samson's gross earnings for his pay period, you have to multiply his hourly rate by the amount of hours he works in a two-week period.

$$\$15 \times 40 \text{ hours} \times 2 \text{ weeks} = \$1,200$$

Samson's gross earnings for his bi-weekly pay period are \$1,200.

If Samson would like to know how much he earns in a year, you can take his pay period gross earnings and multiply them by 26 since there are 26 pay periods in a year.

$$\$1,200 \times 26 \text{ pay periods} = \$31,200$$

Samson's gross earnings for the year are \$31,200.

## Regular and Overtime Hours

Regular hours consist of 40 hours per week, eight hours per day. Overtime hours consist of any work over eight hours per day or 40 hours per week. Depending on the province you work in, overtime rates will vary. At the time this course was written, Manitoba law required overtime hours to be paid at time and a half. This means hourly rates are multiplied by 1.5.

Rebecca often has to work long days at Strong Arm Fitness, however, since she is a salaried employee, she does not get paid any overtime.

Samson will be paid over time if he works more than his regular 8.5 hour shift, or if he is asked to work a sixth day in the work week. Strong Arm Fitness pays overtime at time and a half. If Samson works two hours overtime he will be paid 1.5 times his hourly rate of \$15 per hour.

$$\$15 \times 1.5 \times 2 = \$45$$

The extra two hours will earn Samson an extra \$45 on his pay cheque.



### Learning Activity 8.1

#### 1. Blue Grass Lawn Care

- Noel Champlain is paid \$16 per hour and is paid every two weeks. Noel worked 46 hours during his most recent two-week period. What are his gross earnings for the pay period? Show your work.
- If Noel works four hours overtime on a given day, how much extra will he earn on that day? Show your work.

#### 2. Dr. Le Phang, Dentist

- Mackenzie St. Germaine makes \$42,000 a year. What are Mackenzie's gross earnings for one month? Show your work.
- What are Mackenzie's gross earnings for one pay period (two weeks)? Show your work.

## End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 8 Learning Activity Answer Key to ensure that your answers are correct.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next lesson builds on the outcomes you just finished.

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## Notes

## LESSON 2: PAYROLL DEDUCTIONS

### Lesson Focus

By the end of this lesson, you should be able to

- compare deductions required by law, deductions that may be required by collective agreement, and voluntary deductions
- compare/contrast Income Tax, Canada Pension Plan (CPP), and Employment Insurance (EI)
- determine Canada Pension Plan deductions
- determine Employment Insurance deductions
- define the term taxable earnings
- compute taxable earnings
- determine income tax deductions
- distinguish between gross pay and net pay
- compute net pay

### Introduction

The next step in the payroll process is to calculate the deductions for employees. This lesson explains the required deductions as well as those that are optional.

### Payroll Deductions

**Union dues** are a condition of employment for all employees who are members of the union.

**Net pay** (net earnings) is the balance remaining after deductions have been subtracted from gross earnings.

**Canada Pension Plan (CPP)** Federal legislation requires that all employees (between 18 and 70 years of age) make payroll contributions to the Canada Pension Plan. These contributions (deductions) are determined by using Payroll Deduction Tables issued by Revenue Canada. Once an employee retires, they will receive a monthly payment (pension) to help pay for their living costs.

**Employment Insurance (EI)** is a plan that provides income to those workers who become unemployed. Federal legislation requires that all employees (there is no age limit) pay premiums for Employment Insurance.

**Registered Retirement Plan (RRP)** provides pension benefits to employees upon retirement.

**Compulsory deductions** are those deductions that are required by law and include

- Income tax
- Canada Pension Plan
- Employment Insurance
- Union dues (if you belong to a union)

**Voluntary deductions** are special deductions that an employee may request the employer to make, such as

- Group life insurance
- Extended insurance
- Registered pension plans

**Group Life Insurance** is an insurance plan provided by employers. The premiums (a regular payment an employee makes) for the insurance policy are much lower than regular insurance policies.

**Extended Insurance** provides benefits not covered by provincial plans (e.g., Blue Cross provides benefits not covered by Manitoba Health Insurance like ambulance, dental, etc.)

Visit Revenue Canada's website for more information on deductions that are taxable and how to calculate them.

## Calculating Payroll Deductions

Use Gross Earnings to determine CPP and EI premiums from the Payroll Tax tables. All tables in this course are based on a bi-weekly pay period. For other companies you might need to use different tables if employees are paid weekly, monthly, etc.



**Note:** All tables in this module are taken from the Canada Revenue Agency's website.







In Lesson 1, you were introduced to two Strong Arm Fitness employees—Samson Clarke and Rebecca Horowitz.

In a two-week pay period Samson makes \$1,200 and Rebecca makes \$1,846.15. The previous images show each of their pay amounts and the corresponding amount of CPP that should be deducted from their pay cheques.

Samson owes \$52.74 in CPP contributions. Rebecca owes \$84.72 in CPP contributions.



## Employment Insurance Premiums

Insurable Earnings		El premium	Insurable Earnings		El premium	Insurable Earnings		El premium	Insurable Earnings		El premium
From	To		From	To		From	To		From	To	
1838.57	- 1839.09	34.57	1876.87	- 1877.39	35.29	1915.16	- 1915.69	36.01	1953.46	- 1953.98	36.73
1839.10	- 1839.62	34.58	1877.40	- 1877.92	35.30	1915.70	- 1916.22	36.02	1953.99	- 1954.52	36.74
1839.63	- 1840.15	34.59	1877.93	- 1878.45	35.31	1916.23	- 1916.75	36.03	1954.53	- 1955.05	36.75
1840.16	- 1840.69	34.60	1878.46	- 1878.98	35.32	1916.76	- 1917.28	36.04	1955.06	- 1955.58	36.76
1840.70	- 1841.22	34.61	1878.99	- 1879.52	35.33	1917.29	- 1917.81	36.05	1955.59	- 1956.11	36.77
1841.23	- 1841.75	34.62	1879.53	- 1880.05	35.34	1917.82	- 1918.35	36.06	1956.12	- 1956.64	36.78
1841.76	- 1842.28	34.63	1880.06	- 1880.58	35.35	1918.36	- 1918.88	36.07	1956.65	- 1957.18	36.79
1842.29	- 1842.81	34.64	1880.59	- 1881.11	35.36	1918.89	- 1919.41	36.08	1957.19	- 1957.71	36.80
1842.82	- 1843.35	34.65	1881.12	- 1881.64	35.37	1919.42	- 1919.94	36.09	1957.72	- 1958.24	36.81
1843.36	- 1843.88	34.66	1881.65	- 1882.18	35.38	1919.95	- 1920.47	36.10	1958.25	- 1958.77	36.82
1843.89	- 1844.41	34.67	1882.19	- 1882.71	35.39	1920.48	- 1921.01	36.11	1958.78	- 1959.30	36.83
1844.42	- 1844.94	34.68	1882.72	- 1883.24	35.40	1921.02	- 1921.54	36.12	1959.31	- 1959.84	36.84
1844.95	- 1845.47	34.69	1883.25	- 1883.77	35.41	1921.55	- 1922.07	36.13	1959.85	- 1960.37	36.85
1845.48	- 1846.01	34.70	1883.78	- 1884.30	35.42	1922.08	- 1922.60	36.14	1960.38	- 1960.90	36.86
1846.02	- 1846.54	34.71	1884.31	- 1884.84	35.43	1922.61	- 1923.13	36.15	1960.91	- 1961.43	36.87
1846.55	- 1847.07	34.72	1884.85	- 1885.37	35.44	1923.14	- 1923.67	36.16	1961.44	- 1961.96	36.88
1847.08	- 1847.60	34.73	1885.38	- 1885.90	35.45	1923.68	- 1924.20	36.17	1961.97	- 1962.49	36.89
1847.61	- 1848.13	34.74	1885.91	- 1886.43	35.46	1924.21	- 1924.73	36.18	1962.50	- 1963.03	36.90
1848.14	- 1848.67	34.75	1886.44	- 1886.96	35.47	1924.74	- 1925.26	36.19	1963.04	- 1963.56	36.91
1848.68	- 1849.20	34.76	1886.97	- 1887.49	35.48	1925.27	- 1925.79	36.20	1963.57	- 1964.09	36.92
1849.21	- 1849.73	34.77	1887.50	- 1888.03	35.49	1925.80	- 1926.32	36.21	1964.10	- 1964.62	36.93
1849.74	- 1850.26	34.78	1888.04	- 1888.56	35.50	1926.33	- 1926.86	36.22	1964.63	- 1965.15	36.94
1850.27	- 1850.79	34.79	1888.57	- 1889.09	35.51	1926.87	- 1927.39	36.23	1965.16	- 1965.69	36.95
1850.80	- 1851.32	34.80	1889.10	- 1889.62	35.52	1927.40	- 1927.92	36.24	1965.70	- 1966.22	36.96
1851.33	- 1851.86	34.81	1889.63	- 1890.15	35.53	1927.93	- 1928.45	36.25	1966.23	- 1966.75	36.97
1851.87	- 1852.39	34.82	1890.16	- 1890.68	35.54	1928.46	- 1928.98	36.26	1966.76	- 1967.28	36.98
1852.40	- 1852.92	34.83	1890.70	- 1891.22	35.55	1928.99	- 1929.52	36.27	1967.29	- 1967.81	36.99
1852.93	- 1853.45	34.84	1891.23	- 1891.75	35.56	1929.53	- 1930.05	36.28	1967.82	- 1968.35	37.00
1853.46	- 1853.98	34.85	1891.76	- 1892.28	35.57	1930.06	- 1930.58	36.29	1968.36	- 1968.88	37.01
1853.99	- 1854.52	34.86	1892.29	- 1892.81	35.58	1930.59	- 1931.11	36.30	1968.89	- 1969.41	37.02
1854.53	- 1855.05	34.87	1892.82	- 1893.35	35.59	1931.12	- 1931.64	36.31	1969.42	- 1969.94	37.03
1855.06	- 1855.58	34.88	1893.36	- 1893.88	35.60	1931.65	- 1932.18	36.32	1969.95	- 1970.47	37.04
1855.59	- 1856.11	34.89	1893.89	- 1894.41	35.61	1932.19	- 1932.71	36.33	1970.48	- 1971.01	37.05
1856.12	- 1856.64	34.90	1894.42	- 1894.94	35.62	1932.72	- 1933.24	36.34	1971.02	- 1971.54	37.06
1856.65	- 1857.18	34.91	1894.95	- 1895.47	35.63	1933.25	- 1933.77	36.35	1971.55	- 1972.07	37.07
1857.19	- 1857.71	34.92	1895.48	- 1896.01	35.64	1933.78	- 1934.30	36.36	1972.08	- 1972.60	37.08
1857.72	- 1858.24	34.93	1896.02	- 1896.54	35.65	1934.31	- 1934.84	36.37	1972.61	- 1973.13	37.09
1858.25	- 1858.77	34.94	1896.55	- 1897.07	35.66	1934.85	- 1935.37	36.38	1973.14	- 1973.67	37.10
1858.78	- 1859.30	34.95	1897.08	- 1897.60	35.67	1935.38	- 1935.90	36.39	1973.68	- 1974.20	37.11
1859.31	- 1859.84	34.96	1897.61	- 1898.13	35.68	1935.91	- 1936.43	36.40	1974.21	- 1974.73	37.12
1859.85	- 1860.37	34.97	1898.14	- 1898.67	35.69	1936.44	- 1936.96	36.41	1974.74	- 1975.26	37.13
1860.38	- 1860.90	34.98	1898.68	- 1899.20	35.70	1936.97	- 1937.49	36.42	1975.27	- 1975.79	37.14
1860.91	- 1861.43	34.99	1899.21	- 1899.73	35.71	1937.50	- 1938.03	36.43	1975.80	- 1976.32	37.15
1861.44	- 1861.96	35.00	1899.74	- 1900.26	35.72	1938.04	- 1938.56	36.44	1976.33	- 1976.86	37.16
1861.97	- 1862.49	35.01	1900.27	- 1900.79	35.73	1938.57	- 1939.09	36.45	1976.87	- 1977.39	37.17
1862.50	- 1863.03	35.02	1900.80	- 1901.32	35.74	1939.10	- 1939.62	36.46	1977.40	- 1977.92	37.18
1863.04	- 1863.56	35.03	1901.33	- 1901.86	35.75	1939.63	- 1940.15	36.47	1977.93	- 1978.45	37.19
1863.57	- 1864.09	35.04	1901.87	- 1902.39	35.76	1940.16	- 1940.69	36.48	1978.46	- 1978.98	37.20
1864.10	- 1864.62	35.05	1902.40	- 1902.92	35.77	1940.70	- 1941.22	36.49	1978.99	- 1979.52	37.21
1864.63	- 1865.15	35.06	1902.93	- 1903.45	35.78	1941.23	- 1941.75	36.50	1979.53	- 1980.05	37.22
1865.16	- 1865.69	35.07	1903.46	- 1903.98	35.79	1941.76	- 1942.28	36.51	1980.06	- 1980.58	37.23
1865.70	- 1866.22	35.08	1903.99	- 1904.52	35.80	1942.29	- 1942.81	36.52	1980.59	- 1981.11	37.24
1866.23	- 1866.75	35.09	1904.53	- 1905.05	35.81	1942.82	- 1943.35	36.53	1981.12	- 1981.64	37.25
1866.76	- 1867.28	35.10	1905.06	- 1905.58	35.82	1943.36	- 1943.88	36.54	1981.65	- 1982.18	37.26
1867.29	- 1867.81	35.11	1905.59	- 1906.11	35.83	1943.89	- 1944.41	36.55	1982.19	- 1982.71	37.27
1867.82	- 1868.35	35.12	1906.12	- 1906.64	35.84	1944.42	- 1944.94	36.56	1982.72	- 1983.24	37.28
1868.36	- 1868.88	35.13	1906.65	- 1907.18	35.85	1944.95	- 1945.47	36.57	1983.25	- 1983.77	37.29
1868.89	- 1869.41	35.14	1907.19	- 1907.71	35.86	1945.48	- 1946.01	36.58	1983.78	- 1984.30	37.30
1869.42	- 1869.94	35.15	1907.72	- 1908.24	35.87	1946.02	- 1946.54	36.59	1984.31	- 1984.84	37.31
1869.95	- 1870.47	35.16	1908.25	- 1908.77	35.88	1946.55	- 1947.07	36.60	1984.85	- 1985.37	37.32
1870.48	- 1871.01	35.17	1908.78	- 1909.30	35.89	1947.08	- 1947.60	36.61	1985.38	- 1985.90	37.33
1871.02	- 1871.54	35.18	1909.31	- 1909.83	35.90	1947.61	- 1948.13	36.62	1985.91	- 1986.43	37.34
1871.55	- 1872.07	35.19	1909.85	- 1910.37	35.91	1948.14	- 1948.67	36.63	1986.44	- 1986.96	37.35
1872.08	- 1872.60	35.20	1910.38	- 1910.90	35.92	1948.68	- 1949.20	36.64	1986.97	- 1987.49	37.36
1872.61	- 1873.13	35.21	1910.91	- 1911.43	35.93	1949.21	- 1949.73	36.65	1987.50	- 1988.03	37.37
1873.14	- 1873.67	35.22	1911.44	- 1911.96	35.94	1949.74	- 1950.26	36.66	1988.04	- 1988.56	37.38
1873.68	- 1874.20	35.23	1911.97	- 1912.49	35.95	1950.27	- 1950.79	36.67	1988.57	- 1989.09	37.39
1874.21	- 1874.73	35.24	1912.50	- 1913.03	35.96	1950.80	- 1951.32	36.68	1989.10	- 1989.62	37.40
1874.74	- 1875.26	35.25	1913.04	- 1913.56	35.97	1951.32	- 1951.86	36.69	1989.63	- 1990.15	37.41
1875.27	- 1875.79	35.26	1913.57	- 1914.09	35.98	1951.87	- 1952.39	36.70	1990.16	- 1990.69	37.42
1875.80	- 1876.32	35.27	1914.10	- 1914.62	35.99	1952.40	- 1952.92	36.71	1990.70	- 1991.22	37.43
1876.33	- 1876.86	35.28	1914.63	- 1915.15	36.00	1952.93	- 1953.45	36.72	1991.23	- 1991.75	37.44

Rebecca's gross earnings of \$1,846.15 fall on this line. Rebecca owes \$34.71 in EI contributions.

Yearly maximum insurable earnings are \$47,400  
 Yearly maximum employee premiums are \$891.12  
 The premium rate for 2013 is 1.88 %

The previous images show Samson and Rebecca’s pay amounts and the corresponding amount of EI that should be deducted from their pay cheques.

Samson owes \$22.56 in EI contributions. Rebecca owes \$34.71 in EI contributions.

## Calculating Taxable Earnings

Certain deductions are not taxable. This means that when calculating how much an employee owes to the Federal and Provincial governments, you don’t always use their gross earnings. Instead, you will remove the non-taxable deductions, and then use that amount to calculate income tax.

The non-taxable deductions for this course are

- Union dues
- Registered Pension Plans (RPP)

Both Rebecca and Samson do not belong to a union, but they do contribute to a Registered Retirement Plan. They each pay \$50 per pay period. This means that their taxable earnings will be \$50 less than their gross earnings. They do not pay tax on RPP.

	Gross earnings	–	RPP	=	Taxable earnings
Samson:	\$1,200.00	–	\$50.00	=	\$1,150.00
Rebecca	\$1,846.15	–	\$50.00	=	\$1,796.15

## Calculate Federal and Provincial Income Tax Deductions

Before you can calculate income tax deductions, you need to take a quick look at exemptions and net claim codes.

### Exemptions and Net Claim Codes



**Non-Refundable Tax Credits** are amounts of income on which income tax is not paid. A list of the non-refundable tax credits is shown on the TD1 form that follows.

To see a copy of a current TD1 form, search “TD1 form” on the Internet.

A **net claim code** is used by the employer or payer to determine how much tax should be deducted from each pay cheque. The more deductions (children, tuition, disability, and so forth) an employee has, the less tax the employer will take off.

An employee must complete a TD1 form to determine the net claim code (a copy of this form follows). The employer or payer should keep the completed forms with their records.

Employers must make a deduction from each employee for personal **income tax**. The amount is based on the total of the employee's personal tax credits and the amount of the employee's taxable earnings.

Federal legislation requires that all salaries, wages, and other remuneration received by employees are subject to income tax. The amount of income tax is determined by using the

- taxable earnings
- net claim code
- payroll deduction tables

The amount of income tax collected must be submitted by the employer to the Federal government.



**Note:** Each province has their own set of tax deduction tables.

Samson's taxable earnings are \$1,150. On his TD1 form, he only claimed the basic personal amount of \$11,038.00. Using the following tax table, you can see that Samson will use Claim Code 1 to determine income tax deductions.

Chart 1—2013 Federal Claim Codes	
Total Claim Amount (\$)	Claim Code
No claim amount	0
Minimum to 11,038.00	1
11,038.01 to 13,147.00	2
13,147.01 to 15,256.00	3
15,256.01 to 17,365.00	4
17,365.01 to 19,474.00	5
19,474.01 to 21,583.00	6
21,583.01 to 23,692.00	7
23,692.01 to 25,801.00	8
25,801.01 to 27,910.00	9
27,910.01 to 30,019.00	10
30,019.01 and over	X The employer has to calculate the tax manually.
No withholding	E





## 2014 Personal Tax Credits Return

Protected B when completed

TD1

Your employer or payer will use this form to determine the amount of your tax deductions.

Read the back before completing this form. Complete this form based on the best estimate of your circumstances.

Last name	First name and initial(s)	Date of birth (YYYY/MM/DD)	Employee number
Address including postal code		For non-residents only – Country of permanent residence	Social insurance number
<p><b>1. Basic personal amount</b> – Every resident of Canada can claim this amount. If you will have more than one employer or payer at the same time in 2014, see "More than one employer or payer at the same time" on the next page. If you are a non-resident, see "Non-residents" on the next page.</p>			<b>11,138</b>
<p><b>2. Child amount</b> – Either parent (but not both), may claim \$2,255 for each child born in 1997 or later, that resides with both parents throughout the year. If the child is <b>infirm</b>, add \$2,058 to the claim for that child. Any unused portion can be transferred to that parent's spouse or common-law partner. If the child does not reside with both parents throughout the year, the parent who is entitled to claim the "Amount for an eligible dependant" on line 8 may also claim the child amount for that same child.</p>			
<p><b>3. Age amount</b> – If you will be 65 or older on December 31, 2014, and your net income for the year from all sources will be \$34,873 or less, enter \$6,916. If your net income for the year will be between \$34,873 and \$80,980 and you want to calculate a partial claim, get Form TD1-WS, <i>Worksheet for the 2014 Personal Tax Credits Return</i>, and complete the appropriate section.</p>			
<p><b>4. Pension income amount</b> – If you will receive regular pension payments from a pension plan or fund (excluding Canada Pension Plan, Quebec Pension Plan, Old Age Security, or Guaranteed Income Supplement payments), enter \$2,000 or your estimated annual pension income, whichever is less.</p>			
<p><b>5. Tuition, education, and textbook amounts (full time and part time)</b> – If you are a student enrolled at a university or college, or an educational institution certified by Human Resources and Skills Development Canada, and you will pay more than \$100 per institution in tuition fees, complete this section. If you are enrolled full time, or if you have a mental or physical disability and are enrolled part time, enter the total of the tuition fees you will pay, plus \$400 for each month that you will be enrolled, plus \$65 per month for textbooks. If you are enrolled part time and do not have a mental or physical disability, enter the total of the tuition fees you will pay, plus \$120 for each month that you will be enrolled part time, plus \$20 per month for textbooks.</p>			
<p><b>6. Disability amount</b> – If you will claim the disability amount on your income tax return by using Form T2201, <i>Disability Tax Credit Certificate</i>, enter \$7,766.</p>			
<p><b>7. Spouse or common-law partner amount</b> – If you are supporting your spouse or common-law partner who lives with you and whose net income for the year will be less than \$11,138 (\$13,196 if he or she is <b>infirm</b>) enter the difference between this amount and his or her estimated net income for the year. If his or her net income for the year will be \$11,138 or more (\$13,196 or more if he or she is <b>infirm</b>), you cannot claim this amount.</p>			
<p><b>8. Amount for an eligible dependant</b> – If you do not have a spouse or common-law partner and you support a dependent relative who lives with you, and whose net income for the year will be less than \$11,138 (\$13,196 if he or she is <b>infirm</b> and you <b>did not claim the child amount for this dependant</b>), enter the difference between this amount and his or her estimated net income. If his or her net income for the year will be \$11,138 or more (\$13,196 or more if he or she is <b>infirm</b>), you cannot claim this amount.</p>			
<p><b>9. Caregiver amount</b> – If you are taking care of a dependant who lives with you, whose net income for the year will be \$15,472 or less, and who is either your or your spouse's or common-law partner's:</p> <ul style="list-style-type: none"> <li>parent or grandparent (aged 65 or older), enter \$4,530 (\$6,588 if he or she is <b>infirm</b>); or</li> <li>relative (aged 18 or older) who is dependent on you because of an infirmity, enter \$6,588.</li> </ul> <p>If the dependant's net income for the year will be between \$15,472 and \$20,002 (\$15,472 and \$22,060 if he or she is <b>infirm</b>) and you want to calculate a partial claim, get Form TD1-WS and complete the appropriate section.</p>			
<p><b>10. Amount for infirm dependants age 18 or older</b> – If you support an infirm dependant age 18 or older who is your or your spouse's or common-law partner's relative, who lives in Canada, and whose net income for the year will be \$6,607 or less, enter \$6,589. You cannot claim an amount for a dependant you claimed on line 9. If the dependant's net income for the year will be between \$6,607 and \$13,196 and you want to calculate a partial claim, get Form TD1-WS and complete the appropriate section.</p>			
<p><b>11. Amounts transferred from your spouse or common-law partner</b> – If your spouse or common-law partner will not use all of his or her age amount, pension income amount, tuition, education and textbook amounts, disability amount, or child amount on his or her income tax return, enter the unused amount.</p>			
<p><b>12. Amounts transferred from a dependant</b> – If your dependant will not use all of his or her <b>disability amount</b> on his or her income tax return, enter the unused amount. If your or your spouse's or common-law partner's dependent child or grandchild will not use all of his or her <b>tuition, education, and textbook amounts</b> on his or her income tax return, enter the unused amount.</p>			
<p><b>13. TOTAL CLAIM AMOUNT</b> – Add lines 1 to 12. Your employer or payer will use this amount to determine the amount of your tax deductions.</p>			

Continue on the next page ➔



**Federal tax deductions**

Effective January 1, 2013

Biweekly (26 pay periods a year)

Also look up the tax deductions in the provincial table

Pay		CC 0	CC 1	CC 2	CC 3	CC 4	CC 5	CC 6	CC 7	CC 8	CC 9	CC 10
From	Less than											
711	- 719	94.50	30.80	24.70	12.55	.40						
719	- 727	95.60	31.90	25.85	13.65	1.50						
727	- 735	96.70	33.05	26.95	14.80	2.60						
735	- 743	97.85	34.15	28.05	15.90	3.75						
743	- 751	98.95	35.25	29.20	17.00	4.85						
751	- 759	100.05	36.40	30.30	18.15	5.95						
759	- 767	101.20	37.50	31.40	19.25	7.10						
767	- 775	102.30	38.65	32.55	20.35	8.20						
775	- 783	103.40	39.75	33.65	21.50	9.35						
783	- 791	104.55	40.85	34.80	22.60	10.45						
791	- 799	105.65	42.00	35.90	23.75	11.55						
799	- 807	106.80	43.10	37.00	24.85	12.70	.50					
807	- 815	107.90	44.20	38.15	25.95	13.80	1.65					
815	- 823	109.00	45.35	39.25	27.10	14.90	2.75					
823	- 831	110.15	46.45	40.35	28.20	16.05	3.85					
831	- 839	111.25	47.55	41.50	29.30	17.15	5.00					
839	- 847	112.35	48.70	42.60	30.45	18.25	6.10					
847	- 855	113.50	49.80	43.70	31.55	19.40	7.20					
855	- 863	114.60	50.90	44.85	32.65	20.50	8.35					
863	- 871	115.70	52.05	45.95	33.80	21.60	9.45					
871	- 879	116.85	53.15	47.10	34.90	22.75	10.55					
879	- 887	117.95	54.30	48.20	36.05	23.85	11.70					
887	- 895	119.10	55.40	49.30	37.15	25.00	12.80	.65				
895	- 903	120.20	56.50	50.45	38.25	26.10	13.95	1.75				
903	- 911	121.30	57.65	51.55	39.40	27.20	15.05	2.90				
911	- 919	122.45	58.75	52.65	40.50	28.35	16.15	4.00				
919	- 927	123.55	59.85	53.80	41.60	29.45	17.30	5.10				
927	- 935	124.65	61.00	54.90	42.75	30.55	18.40	6.25				
935	- 943	125.80	62.10	56.00	43.85	31.70	19.50	7.35				
943	- 951	126.90	63.20	57.15	44.95	32.80	20.65	8.45				
951	- 959	128.00	64.35	58.25	46.10	33.90	21.75	9.60				
959	- 967	129.15	65.45	59.35	47.20	35.05	22.85	10.70				
967	- 975	130.25	66.60	60.50	48.35	36.15	24.00	11.80				
975	- 983	131.40	67.70	61.60	49.45	37.30	25.10	12.95	.75			
983	- 991	132.50	68.80	62.75	50.55	38.40	26.25	14.05	1.90			
991	- 999	133.60	69.95	63.85	51.70	39.50	27.35	15.20	3.00			
999	- 1007	134.75	71.05	64.95	52.80	40.65	28.45	16.30	4.15			
1007	- 1015	135.85	72.15	66.10	53.90	41.75	29.60	17.40	5.25			
1015	- 1023	136.95	73.30	67.20	55.05	42.85	30.70	18.55	6.35			
1023	- 1031	138.10	74.40	68.30	56.15	44.00	31.80	19.65	7.50			
1031	- 1039	139.20	75.50	69.45	57.25	45.10	32.90	20.75	8.60			
1039	- 1047	140.30	76.65	70.55	58.35	46.20	34.00	21.90	9.70			
1047	- 1055	141.45	77.75	71.65	59.45	47.30	35.10	23.00	10.85			
1055	- 1063	142.55	78.90	72.80	60.55	48.40	36.20	24.10	11.95			
1063	- 1071	143.65	80.00	73.90	61.65	49.50	37.30	25.25	13.05	.90		
1071	- 1079	144.80	81.10	75.05	62.75	50.60	38.40	26.35	14.20	2.00		
1079	- 1087	145.90	82.25	76.15	63.85	51.70	39.50	27.50	15.30	3.15		
1087	- 1095	147.05	83.35	77.25	64.95	52.80	40.60	28.60	16.45	4.25		
1095	- 1103	148.15	84.45	78.40	66.05	53.90	41.70	29.70	17.55	5.40		
1103	- 1111	149.25	85.60	79.50	67.15	55.00	42.80	30.85	18.65	6.50		
1111	- 1119	150.40	86.70	80.60	68.25	56.10	43.90	31.95	19.80	7.60		
1119	- 1127	151.50	87.80	81.75	69.35	57.20	45.00	33.05	20.90	8.75		
1127	- 1135	152.60	88.95	82.85	70.45	58.30	46.10	34.20	22.00	9.85		
1135	- 1143	153.75	90.05	83.95	71.55	59.40	47.20	35.30	23.15	10.95		
1143	- 1151	154.85	91.15	85.10	72.65	60.50	48.30	36.40	24.25	12.10		

Samson's taxable earnings of \$1,150 fall on this line. His income tax deductions to contribute to Federal income tax are \$91.15.

## Manitoba provincial tax deductions

Effective January 1, 2013

Biweekly (26 pay periods a year)

Also look up the tax deductions in the federal table

Pay		CC 0	CC 1	CC 2	CC 3	CC 4	CC 5	CC 6	CC 7	CC 8	CC 9	CC 10
From	Less than											
1016	- 1032	103.75	66.85	63.35	56.30	49.25	42.25	35.20	28.20	21.15	14.10	7.10
1032	- 1048	105.35	68.45	64.95	57.90	50.90	43.85	36.80	29.80	22.75	15.70	8.70
1048	- 1064	107.00	70.10	66.55	59.55	52.50	45.45	38.45	31.40	24.35	17.35	10.30
1064	- 1080	108.60	71.70	68.15	61.15	54.10	47.05	40.05	33.00	25.95	18.95	11.90
1080	- 1096	110.20	73.30	69.80	62.75	55.70	48.70	41.65	34.60	27.60	20.55	13.50
1096	- 1112	111.80	74.90	71.40	64.35	57.30	50.30	43.25	36.25	29.20	22.15	15.15
1112	- 1128	113.40	76.50	73.00	65.95	58.95	51.90	44.85	37.85	30.80	23.75	16.75
1128	- 1144	115.05	78.15	74.60	67.60	60.55	53.50	46.50	39.45	32.40	25.40	18.35
1144	- 1160	116.65	79.75	76.20	69.20	62.15	55.10	48.10	41.05	34.00	27.00	19.95
1160	- 1176	118.25	81.35	77.85	70.80	63.75	56.75	49.70	42.65	35.65	28.60	21.55
1176	- 1192	119.85	82.95	79.45	72.40	65.35	58.35	51.30	44.30	37.25	30.20	23.20
1192	- 1208	121.60	84.70	81.20	74.15	67.10	60.10	53.05	46.00	39.00	31.95	24.90
1208	- 1224	123.50	86.60	83.10					47.95	40.90	33.85	26.85
1224	- 1240	125.45	88.55	85.00					49.85	42.85	35.80	28.75
1240	- 1256	127.35	90.45	86.95					51.80	44.75	37.70	30.70
1256	- 1272	129.30	92.40	88.85					53.70	46.65	39.65	32.60
1272	- 1288	131.20	94.30	90.80					55.65	48.60	41.55	34.55
1288	- 1304	133.15	96.25	92.70					57.55	50.50	43.50	36.45
1304	- 1320	135.05	98.15	94.65					59.45	52.45	45.40	38.35
1320	- 1336	136.95	100.05	96.55					61.40	54.35	47.35	40.30
1336	- 1352	138.90	102.00	98.50					63.30	56.30	49.25	42.20
1352	- 1368	140.80	103.90	100.40	93.35	86.35	79.30	72.25	65.25	58.20	51.15	44.15
1368	- 1384	142.75	105.85	102.30	95.30	88.25	81.20	74.20	67.15	60.15	53.10	46.05
1384	- 1400	144.65	107.75	104.25	97.20	90.20	83.15	76.10	69.10	62.05	55.00	48.00
1400	- 1416	146.60	109.70	106.15	99.15	92.10	85.05	78.05	71.00	63.95	56.95	49.90
1416	- 1432	148.50	111.60	108.10	101.05	94.00	87.00	79.95	72.95	65.90	58.85	51.85
1432	- 1448	150.45	113.55	110.00	103.00	95.95	88.90	81.90	74.85	67.80	60.80	53.75
1448	- 1464	152.35	115.45	111.95	104.90	97.85	90.85	83.80	76.75	69.75	62.70	55.65
1464	- 1480	154.25	117.35	113.85	106.80	99.80	92.75	85.70	78.70	71.65	64.65	57.60
1480	- 1496	156.20	119.30	115.80	108.75	101.70	94.70	87.65	80.60	73.60	66.55	59.50
1496	- 1512	158.10	121.20	117.70	110.65	103.65	96.60	89.55	82.55	75.50	68.45	61.45
1512	- 1528	160.05	123.15	119.60	112.60	105.55	98.50	91.50	84.45	77.40	70.40	63.35
1528	- 1544	161.95	125.05	121.55	114.50	107.50	100.45	93.40	86.40	79.35	72.30	65.30
1544	- 1560	163.90	127.00	123.45	116.45	109.40	102.35	95.35	88.30	81.25	74.25	67.20
1560	- 1576	165.80	128.90	125.40	118.35	111.30	104.30	97.25	90.20	83.20	76.15	69.15
1576	- 1592	167.75	130.80	127.30	120.25	113.25	106.20	99.20	92.15	85.10	78.10	71.05
1592	- 1608	169.65	132.75	129.25	122.20	115.15	108.15	101.10	94.05	87.05	80.00	72.95
1608	- 1624	171.55	134.65	131.15	124.10	117.10	110.05	103.00	96.00	88.95	81.90	74.90
1624	- 1640	173.50	136.60	133.05	126.05	119.00	112.00	104.95	97.90	90.90	83.85	76.80
1640	- 1656	175.40	138.50	135.00	127.95	120.95	113.90	106.85	99.85	92.80	85.75	78.75
1656	- 1672	177.35	140.45	136.90	129.90	122.85	115.80	108.80	101.75	94.70	87.70	80.65
1672	- 1688	179.25	142.35	138.85	131.80	124.75	117.75	110.70	103.70	96.65	89.60	82.60
1688	- 1704	181.20	144.30	140.75	133.75	126.70	119.65	112.65	105.60	98.55	91.55	84.50
1704	- 1720	183.10	146.20	142.70	135.65	128.60	121.60	114.55	107.50	100.50	93.45	86.40
1720	- 1736	185.00	148.10	144.60	137.55	130.55	123.50	116.50	109.45	102.40	95.40	88.35
1736	- 1752	186.95	150.05	146.55	139.50	132.45	125.45	118.40	111.35	104.35	97.30	90.25
1752	- 1768	188.85	151.95	148.45	141.40	134.40	127.35	120.30	113.30	106.25	99.20	92.20
1768	- 1784	190.80	153.90	150.35	143.35	136.30	129.25	122.25	115.20	108.20	101.15	94.10
1784	- 1800	192.70	155.80	152.30	145.25	138.25	131.20	124.15	117.15	110.10	103.05	96.05
1800	- 1816	194.65	157.75	154.20	147.20	140.15	133.10	126.10	119.05	112.00	105.00	97.95
1816	- 1832	196.55	159.65	156.15	149.10	142.05	135.05	128.00	121.00	113.95	106.90	99.90
1832	- 1848	198.50	161.60	158.10	151.05	144.05	137.00	129.95	122.95	115.90	108.85	101.85
1848	- 1864	200.45	163.55	160.05	153.00	146.00	138.95	131.90	124.90	117.85	110.80	103.80
1864	- 1880	202.40	165.50	162.00	154.95	147.95	140.90	133.85	126.85	119.80	112.80	105.75
1880	- 1896	204.40	167.45	163.95	156.90	149.90	142.85	135.85	128.80	121.75	114.75	107.70

Samson's taxable earnings of \$1,150 fall on this line. His income tax deductions to contribute to Provincial income tax are \$79.75.

Rebecca’s taxable earnings are \$1,796.15. On her TD1 form, she claimed the basic personal amount of \$11,038 and the child amount of \$2,255, bringing her total claim amount to \$13,293. Using the following table, you can see that Rebecca will use Claim Code 3 to determine the income tax deductions.

<b>Chart 1—2013 Federal Claim Codes</b>	
<b>Total Claim Amount (\$)</b>	<b>Claim Code</b>
No claim amount	0
Minimum to 11,038.00	1
11,038.01 to 13,147.00	2
13,147.01 to 15,256.00	3
15,256.01 to 17,365.00	4
17,365.01 to 19,474.00	5
19,474.01 to 21,583.00	6
21,583.01 to 23,692.00	7
23,692.01 to 25,801.00	8
25,801.01 to 27,910.00	9
27,910.01 to 30,019.00	10
30,019.01 and over	X The employer has to calculate the tax manually.
No withholding	E

**Federal tax deductions**

Effective January 1, 2013

Biweekly (26 pay periods a year)

Also look up the tax deductions in the provincial table

Pay		CC 0	CC 1	CC 2	CC 3	CC 4	CC 5	CC 6	CC 7	CC 8	CC 9	CC 10
From	Less than											
1151	- 1167	156.55	92.85	86.75	74.60	62.45	50.25	38.10	25.95	13.75	1.60	
1167	- 1183	158.75	95.10	89.00	76.85	64.65	52.50	40.35	28.15	16.00	3.85	
1183	- 1199	161.00	97.30	91.25	79.05	66.90	54.75	42.55	30.40	18.25	6.05	
1199	- 1215	163.25	99.55	93.50	81.30	69.15	56.95	44.80	32.65	20.45	8.30	
1215	- 1231	165.50	101.80	95.70	83.55	71.40	59.20	47.05	34.85	22.70	10.55	
1231	- 1247	167.70	104.05	97.95	85.80	73.60	61.45	49.30	37.10	24.95	12.80	.60
1247	- 1263	169.95	106.25	100.20	88.00	75.85	63.70	51.50	39.35	27.20	15.00	2.85
1263	- 1279	172.20	108.50	102.40	90.25	78.10	65.90	53.75	41.60	29.40	17.25	5.10
1279	- 1295	174.40	110.75	104.65	92.50	80.30	68.15	56.00	43.80	31.65	19.50	7.30
1295	- 1311	176.65	113.00	106.90	94.70	82.55	70.40	58.20	46.05	33.90	21.70	9.55
1311	- 1327	178.90	115.20	109.15	96.95	84.80	72.65	60.45	48.30	36.10	23.95	11.80
1327	- 1343	181.15	117.45	111.35	99.20	87.05	74.85	62.70	50.55	38.35	26.20	14.05
1343	- 1359	183.35	119.70	113.60	101.45	89.25	77.10	64.95	52.75	40.60	28.45	16.25
1359	- 1375	185.60	121.90	115.85	103.65	91.50	79.35	67.15	55.00	42.85	30.65	18.50
1375	- 1391	187.85	124.15	118.05	105.90	93.75	81.55	69.40	57.25	45.05	32.90	20.75
1391	- 1407	190.05	126.40	120.30	108.15	95.95	83.80	71.65	59.45	47.30	35.15	22.95
1407	- 1423	192.30	128.65	122.55	110.40	98.20	86.05	73.85	61.70	49.55	37.35	25.20
1423	- 1439	194.55	130.85	124.80	112.60	100.45	88.30	76.10	63.95	51.80	39.60	27.45
1439	- 1455	196.80	133.10	127.00	114.85	102.70	90.50	78.35	66.20	54.00	41.85	29.70
1455	- 1471	199.00	135.35	129.25	117.10	104.90	92.75	80.60	68.40	56.25	44.10	31.90
1471	- 1487	201.25	137.55	131.50	119.30	107.15	95.00	82.80	70.65	58.50	46.30	34.15
1487	- 1503	203.50	139.80	133.70	121.55	109.40	97.20	85.05	72.90	60.70	48.55	36.40
1503	- 1519	205.75	142.05	135.95	123.80	111.65	99.45	87.30	75.10	62.95	50.80	38.60
1519	- 1535	207.95	144.30	138.20	126.05	113.85	101.70	89.55	77.35	65.20	53.05	40.85
1535	- 1551	210.20	146.50	140.45	128.25	116.10	103.95	91.75	79.60	67.45	55.25	43.10
1551	- 1567	212.45	148.75	142.65	130.50	118.35	106.15	94.00	81.85	69.65	57.50	45.35
1567	- 1583	214.65	151.00	144.90	132.75	120.55	108.40	96.20	84.05	71.90	59.75	47.55
1583	- 1599	216.90	153.20	147.15	134.95	122.80	110.65	98.45	86.30	74.15	61.95	49.80
1599	- 1615	219.15	155.45	149.40	137.20	125.05	112.90	100.70	88.55	76.30	64.20	52.05
1615	- 1631	221.40	157.70	151.60	139.45	127.30	115.15	102.95	90.80	78.45	66.45	54.25
1631	- 1647	223.60	159.95	153.85	141.70	129.50	117.40	105.10	93.00	80.60	68.70	56.50
1647	- 1663	225.85	162.15	156.10	143.90	131.75	119.65	107.30	95.20	82.80	70.90	58.75
1663	- 1679	228.10	164.40	158.30	146.15	134.00	121.90	109.50	97.40	85.00	73.15	61.00
1679	- 1695	231.15	167.45	161.40	149.20	137.05	124.05	111.65	99.55	87.15	75.35	63.25
1695	- 1711	234.50	170.80	164.75	152.55	140.40	128.20	113.80	101.75	89.30	77.55	65.45
1711	- 1727	237.85	174.15	168.10	155.90	143.75	131.35	115.95	103.90	91.50	79.75	67.75
1727	- 1743	241.20	177.55	171.45	159.30	147.10	134.70	118.10	106.10	94.70	82.00	70.00
1743	- 1759	244.55	180.90	174.80	162.65	150.45	138.05	120.25	108.25	96.90	84.25	72.25
1759	- 1775	247.90	184.25	178.15	166.00	153.80	141.65	122.40	110.40	99.10	86.50	74.50
1775	- 1791	251.30	187.60	181.50	169.35	157.20	145.00	124.55	112.55	101.30	88.75	76.75
1791	- 1807	254.65	190.95	184.85	172.70	160.55	148.35	126.70	114.70	103.50	91.00	79.00
1807	- 1823	258.00	194.30	188.25	176.05	163.90	151.70	128.85	116.85	105.70	93.25	81.25
1823	- 1839	261.35	197.70	191.60	179.45	167.25	155.10	131.00	119.00	107.90	95.50	83.50
1839	- 1855	264.75	201.10	195.00	182.85	170.65	158.50	133.15	121.15	110.10	97.75	85.75
1855	- 1871	268.15	204.50	198.40	186.25	174.05	161.90	135.30	123.30	112.30	100.00	88.00
1871	- 1887	271.55	207.90	201.80	189.65	177.45	165.30	137.45	125.45	114.50	102.25	90.25
1887	- 1903	274.95	211.30	205.20	193.05	180.90	168.70	139.60	127.60	116.70	104.50	92.50
1903	- 1919	278.40	214.70	208.60	196.45	184.30	172.10	141.75	129.75	118.90	106.75	94.75
1919	- 1935	281.80	218.10	212.00	199.85	187.70	175.50	143.90	131.90	121.10	109.00	97.00
1935	- 1951	285.20	221.50	215.40	203.25	191.10	178.90	146.05	134.05	123.30	111.25	99.25
1951	- 1967	288.60	224.90	218.80	206.65	194.50	182.30	148.20	136.20	125.50	113.50	101.50
1967	- 1983	292.05	228.35	222.30	210.10	197.95	185.80	150.35	138.35	127.70	115.75	103.75
1983	- 1999	295.55	231.90	225.80	213.65	201.45	189.30	152.50	140.50	129.90	118.00	106.00
1999	- 2015	299.10	235.40	229.35	217.15	205.00	192.85	154.65	142.65	132.10	120.25	108.25
2015	- 2031	302.60	238.95	232.85	220.70	208.50	196.35	156.80	144.80	134.30	122.50	110.50

Rebecca's taxable earnings of \$1,796.15 fall on this line. Her income tax deductions to contribute to Federal income tax are \$172.70.

**Manitoba provincial tax deductions**  
**Effective January 1, 2013**  
**Biweekly (26 pay periods a year)**  
**Also look up the tax deductions in the federal table**

Pay		CC 0	CC 1	CC 2	CC 3	CC 4	CC 5	CC 6	CC 7	CC 8	CC 9	CC 10
From	Less than											
1016	- 1032	103.75	66.85	63.35	56.30	49.25	42.25	35.20	28.20	21.15	14.10	7.10
1032	- 1048	105.35	68.45	64.95	57.90	50.90	43.85	36.80	29.80	22.75	15.70	8.70
1048	- 1064	107.00	70.10	66.55	59.55	52.50	45.45	38.45	31.40	24.35	17.35	10.30
1064	- 1080	108.60	71.70	68.15	61.15	54.10	47.05	40.05	33.00	25.95	18.95	11.90
1080	- 1096	110.20	73.30	69.80	62.75	55.70	48.70	41.65	34.60	27.60	20.55	13.50
1096	- 1112	111.80	74.90	71.40	64.35	57.30	50.30	43.25	36.25	29.20	22.15	15.15
1112	- 1128	113.40	76.50	73.00	65.95	58.95	51.90	44.85	37.85	30.80	23.75	16.75
1128	- 1144	115.05	78.15	74.60	67.60	60.55	53.50	46.50	39.45	32.40	25.40	18.35
1144	- 1160	116.65	79.75	76.20	69.20	62.15	55.10	48.10	41.05	34.00	27.00	19.95
1160	- 1176	118.25	81.35	77.85	70.80	63.75	56.75	49.70	42.65	35.65	28.60	21.55
1176	- 1192	119.85	82.95	79.45	72.40	65.35	58.35	51.30	44.30	37.25	30.20	23.20
1192	- 1208	121.60	84.70	81.20	74.15	67.10	60.10	53.05	46.00	39.00	31.95	24.90
1208	- 1224	123.50	86.60	83.10	76.05	69.05	62.00	54.95	47.95	40.90	33.85	26.85
1224	- 1240	125.45	88.55	85.00	78.00	70.95	63.95	56.90	49.85	42.85	35.80	28.75
1240	- 1256	127.35	90.45	86.95	79.90	72.90	65.85	58.80	51.80	44.75	37.70	30.70
1256	- 1272	129.30	92.40	88.85	81.85	74.80	67.75	60.75	53.70	46.65	39.65	32.60
1272	- 1288	131.20	94.30	90.80	83.75	76.75	69.70	62.65	55.65	48.60	41.55	34.55
1288	- 1304	133.15	96.25	92.70	85.70	78.65	71.60	64.60	57.55	50.50	43.50	36.45
1304	- 1320	135.05	98.15	94.65	87.60	80.55	73.55	66.50	59.45	52.45	45.40	38.35
1320	- 1336	136.95	100.05	96.55	89.50	82.50	75.45	68.45	61.40	54.35	47.35	40.30
1336	- 1352	138.90	102.00	98.50	91.45	84.40	77.40	70.35	63.30	56.30	49.25	42.20
1352	- 1368	140.80	103.90	100.40	93.35	86.35	79.30	72.25	65.25	58.20	51.15	44.15
1368	- 1384	142.75	105.85	102.30	95.30	88.25	81.20	74.20	67.15	60.15	53.10	46.05
1384	- 1400	144.65	107.75	104.25	97.20	90.20	83.15	76.10	69.10	62.05	55.00	48.00
1400	- 1416	146.60	109.70	106.15	99.15	92.10	85.05	78.05	71.00	63.95	56.95	49.90
1416	- 1432	148.50	111.60	108.10	101.05	94.00	87.00	79.95	72.95	65.90	58.85	51.85
1432	- 1448	150.45	113.55	110.00	103.00	95.95	88.90	81.90	74.85	67.80	60.80	53.75
1448	- 1464	152.35	115.45	111.95	104.90	97.85	90.85	83.80	76.75	69.75	62.70	55.65
1464	- 1480	154.25	117.35	113.85	106.80	99.80	92.75	85.70	78.70	71.65	64.65	57.60
1480	- 1496	156.20	119.30	115.80	108.75	101.70	94.70	87.65	80.60	73.60	66.55	59.50
1496	- 1512	158.10	121.20	117.70	110.65	103.65	96.60	89.55	82.55	75.50	68.45	61.45
1512	- 1528	160.05	123.15	119.60	112.60	105.55	98.50	91.50	84.45	77.40	70.40	63.35
1528	- 1544	161.95	125.05	121.55	114.50	107.50	100.45	93.40	86.40	79.35	72.30	65.30
1544	- 1560	163.90	127.00	123.45	116.45	109.40	102.35	95.35	88.30	81.25	74.25	67.20
1560	- 1576	165.80	128.90	125.40	118.35	111.30	104.30	97.25	90.20	83.20	76.15	69.15
1576	- 1592	167.75	130.80	127.30	120.25	113.25					78.10	71.05
1592	- 1608	169.65	132.75	129.25	122.20	115.15					80.05	72.95
1608	- 1624	171.55	134.65	131.15	124.10	117.10					81.95	74.90
1624	- 1640	173.50	136.60	133.05	126.05	119.00					83.85	76.80
1640	- 1656	175.40	138.50	135.00	127.95	120.95					85.75	78.75
1656	- 1672	177.35	140.45	136.90	129.90	122.85					87.70	80.65
1672	- 1688	179.25	142.35	138.85	131.80	124.75					89.60	82.60
1688	- 1704	181.20	144.30	140.75	133.75	126.70					91.55	84.50
1704	- 1720	183.10	146.20	142.70	135.65	128.60					93.45	86.40
1720	- 1736	185.00	148.10	144.60	137.55	130.55	123.50	116.50	109.45	102.40	95.40	88.35
1736	- 1752	186.95	150.05	146.55	139.50	132.45	125.45	118.40	111.35	104.35	97.30	90.25
1752	- 1768	188.85	151.95	148.45	141.40	134.40	127.35	120.30	113.30	106.25	99.20	92.20
1768	- 1784	190.80	153.90	150.35	143.35	136.30	129.25	122.25	115.20	108.20	101.15	94.10
1784	- 1800	192.70	155.80	152.30	145.25	138.25	131.20	124.15	117.15	110.10	103.05	96.05
1800	- 1816	194.65	157.75	154.20	147.20	140.15	133.10	126.10	119.05	112.00	105.00	97.95
1816	- 1832	196.55	159.65	156.15	149.10	142.05	135.05	128.00	121.00	113.95	106.90	99.90
1832	- 1848	198.50	161.60	158.10	151.05	144.05	137.00	129.95	122.95	115.90	108.85	101.85
1848	- 1864	200.45	163.55	160.05	153.00	146.00	138.95	131.90	124.90	117.85	110.80	103.80
1864	- 1880	202.40	165.50	162.00	154.95	147.95	140.90	133.85	126.85	119.80	112.80	105.75
1880	- 1896	204.40	167.45	163.95	156.90	149.90	142.85	135.85	128.80	121.75	114.75	107.70

Rebecca's taxable earnings of \$1,796.15 fall on this line. Her income tax deductions to contribute to Provincial income tax are \$145.25.

## Calculate Net Earnings

Net earnings is the balance remaining after deductions have been subtracted from gross earnings.

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$$\text{Gross Earnings} - \text{Non-taxable Deductions} = \text{Taxable Earnings}$$

$$\text{Taxable Earnings} - \text{Taxable Deductions} = \text{Net Earnings}$$


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The net earnings for Samson are calculated by subtracting his total deductions from his gross earnings as illustrated below:

Gross Earnings	–	Non-taxable Deductions	=	Taxable Earnings
Gross Earnings	–	Union Dues – RPP	=	Taxable Earnings
\$1,200.00	–	0.00 – 50.00	=	\$1,150.00

Taxable Earnings	–	Taxable Deductions	=	Net Earnings
Taxable Earnings	–	CPP – EI – Income Tax	=	Net Earnings
\$1,150.00	–	52.74 – 22.56 – 170.90	=	\$903.80

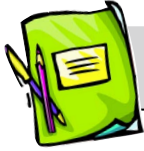
The net earnings for Rebecca are calculated by subtracting her total deductions from her gross earnings as illustrated below:

Gross Earnings	–	Non-taxable Deductions	=	Taxable Earnings
Gross Earnings	–	Union Dues – RPP	=	Taxable Earnings
\$1,846.15	–	0.00 – 50.00	=	\$1,796.15

Taxable Earnings	–	Taxable Deductions	=	Net Earnings
Taxable Earnings	–	CPP – EI – Income Tax	=	Net Earnings
\$1,796.15	–	84.72 – 34.71 – 317.95	=	\$1,358.77



**Note:** Income tax deductions include both the Provincial and Federal Tax amounts.



## Learning Activity 8.2

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### 1. Blue Grass Lawn Care

In the last two weeks Noel Champlain's gross earnings were \$720, while Reggie Park's gross earnings were \$640.

- a) Using the following Canada Pension Plan Contributions deduction table calculate how much CPP Noel Champlain and Reggie Park owe during this two-week pay period.
- b) Using the following Employment Insurance Premiums deduction table calculate how much EI Noel Champlain and Reggie Park owe during this two-week pay period.
- c) Noel Champlain and Reggie Park are both members of a union and each pay \$35.00 in union dues every pay period. Noel also contributes \$25.00 to a Registered Retirement Plan every pay period, while Reggie chose to opt out of the program. What are Noel Champlain and Reggie Park's taxable earnings?
- d) Using the following Federal and Manitoba Provincial Income Tax Deductions tables calculate how much income tax Noel Champlain and Reggie Park owe during this two-week pay period. They both use Claim Code 1 for their taxes.
- e) Using the information from all of the previous questions, what are Noel Champlain and Reggie Park's net earnings for this two-week pay period?

*continued*

**Canada Pension Plan Contributions  
Biweekly (26 pay periods a year)**

Pay			CPP	Pay			CPP
From	To			From	To		
629.06	-	629.25	24.48	716.33	-	716.52	28.80
629.26	-	629.45	24.49	716.53	-	716.73	28.81
629.46	-	629.66	24.50	716.74	-	716.93	28.82
629.67	-	629.86	24.51	716.94	-	717.13	28.83
629.87	-	630.06	24.52	717.14	-	717.33	28.84
630.07	-	630.26	24.53	717.34	-	717.53	28.85
630.27	-	630.46	24.54	717.54	-	717.74	28.86
630.47	-	630.67	24.55	717.75	-	717.94	28.87
630.68	-	630.87	24.56	717.95	-	718.14	28.88
630.88	-	631.07	24.57	718.15	-	718.34	28.89
631.08	-	631.27	24.58	718.35	-	718.54	28.90
631.28	-	631.47	24.59	718.55	-	718.75	28.91
631.48	-	631.68	24.60	718.76	-	718.95	28.92
631.69	-	631.88	24.61	718.96	-	719.15	28.93
631.89	-	632.08	24.62	719.16	-	719.35	28.94
632.09	-	632.28	24.63	719.36	-	719.55	28.95
632.29	-	632.48	24.64	719.56	-	719.76	28.96
632.49	-	632.69	24.65	719.77	-	719.96	28.97
632.70	-	632.89	24.66	719.97	-	720.16	28.98
632.90	-	633.09	24.67	720.17	-	720.36	28.99
633.10	-	633.29	24.68	720.37	-	720.56	29.00
633.30	-	633.49	24.69	720.57	-	720.77	29.01
633.50	-	633.70	24.70	720.78	-	720.97	29.02
633.71	-	633.90	24.71	720.98	-	721.17	29.03
633.91	-	634.10	24.72	721.18	-	721.37	29.04
634.11	-	634.30	24.73	721.38	-	721.57	29.05
634.31	-	634.50	24.74	721.58	-	721.78	29.06
634.51	-	634.71	24.75	721.79	-	721.98	29.07
634.72	-	634.91	24.76	721.99	-	722.18	29.08
634.92	-	635.11	24.77	722.19	-	722.38	29.09
635.12	-	635.31	24.78	722.39	-	722.58	29.10
635.32	-	635.51	24.79	722.59	-	722.79	29.11
635.52	-	635.72	24.80	722.80	-	722.99	29.12
635.73	-	635.92	24.81	723.00	-	723.19	29.13
635.93	-	636.12	24.82	723.20	-	723.39	29.14
636.13	-	636.32	24.83	723.40	-	723.59	29.15
636.33	-	636.52	24.84	723.60	-	723.80	29.16
636.53	-	636.73	24.85	723.81	-	724.00	29.17
636.74	-	636.93	24.86	724.01	-	724.20	29.18
636.94	-	637.13	24.87	724.21	-	724.40	29.19
637.14	-	637.33	24.88	724.41	-	724.60	29.20
637.34	-	637.53	24.89	724.61	-	724.81	29.21
637.54	-	637.74	24.90	724.82	-	725.01	29.22
637.75	-	637.94	24.91	725.02	-	725.21	29.23
637.95	-	638.14	24.92	725.22	-	725.41	29.24
638.15	-	638.34	24.93	725.42	-	725.62	29.25
638.35	-	638.54	24.94	725.63	-	725.82	29.26
638.55	-	638.75	24.95	725.83	-	726.02	29.27
638.76	-	638.95	24.96	726.03	-	726.22	29.28
638.96	-	639.15	24.97	726.23	-	726.42	29.29
639.16	-	639.35	24.98	726.43	-	726.63	29.30
639.36	-	639.55	24.99	726.64	-	726.83	29.31
639.56	-	639.76	25.00	726.84	-	727.03	29.32
639.77	-	639.96	25.01	727.04	-	727.23	29.33
639.97	-	640.16	25.02	727.24	-	727.43	29.34
640.17	-	640.36	25.03	727.44	-	727.64	29.35
640.37	-	640.56	25.04	727.65	-	727.84	29.36
640.57	-	640.77	25.05	727.85	-	728.04	29.37
640.78	-	640.97	25.06	728.05	-	728.24	29.38
640.98	-	641.17	25.07	728.25	-	728.44	29.39
641.18	-	641.37	25.08	728.45	-	728.65	29.40
641.38	-	641.57	25.09	728.66	-	728.85	29.41
641.58	-	641.78	25.10	728.86	-	729.05	29.42
641.79	-	641.98	25.11	729.06	-	729.25	29.43
641.99	-	642.18	25.12	729.26	-	729.45	29.44
642.19	-	642.38	25.13	729.46	-	729.66	29.45
642.39	-	642.58	25.14	729.67	-	729.86	29.46
642.59	-	642.79	25.15	729.87	-	730.06	29.47
642.80	-	642.99	25.16	730.07	-	730.26	29.48
643.00	-	643.19	25.17	730.27	-	730.46	29.49
643.20	-	643.39	25.18	730.47	-	730.67	29.50
643.40	-	643.59	25.19	730.68	-	730.87	29.51



## Employment Insurance Premiums

Insurable Earnings		EI premium
From	To	
613.04	- 613.56	11.53
613.57	- 614.09	11.54
614.10	- 614.62	11.55
614.63	- 615.15	11.56
615.16	- 615.69	11.57
615.70	- 616.22	11.58
616.23	- 616.75	11.59
616.76	- 617.28	11.60
617.29	- 617.81	11.61
617.82	- 618.35	11.62
618.36	- 618.88	11.63
618.89	- 619.41	11.64
619.42	- 619.94	11.65
619.95	- 620.47	11.66
620.48	- 621.01	11.67
621.02	- 621.54	11.68
621.55	- 622.07	11.69
622.08	- 622.60	11.70
622.61	- 623.13	11.71
623.14	- 623.67	11.72
623.68	- 624.20	11.73
624.21	- 624.73	11.74
624.74	- 625.26	11.75
625.27	- 625.79	11.76
625.80	- 626.32	11.77
626.33	- 626.86	11.78
626.87	- 627.39	11.79
627.40	- 627.92	11.80
627.93	- 628.45	11.81
628.46	- 628.98	11.82
628.99	- 629.52	11.83
629.53	- 630.05	11.84
630.06	- 630.58	11.85
630.59	- 631.11	11.86
631.12	- 631.64	11.87
631.65	- 632.18	11.88
632.19	- 632.71	11.89
632.72	- 633.24	11.90
633.25	- 633.77	11.91
633.78	- 634.30	11.92
634.31	- 634.84	11.93
634.85	- 635.37	11.94
635.38	- 635.90	11.95
635.91	- 636.43	11.96
636.44	- 636.96	11.97
636.97	- 637.49	11.98
637.50	- 638.03	11.99
638.04	- 638.56	12.00
638.57	- 639.09	12.01
639.10	- 639.62	12.02
639.63	- 640.15	12.03
640.16	- 640.69	12.04
640.70	- 641.22	12.05
641.23	- 641.75	12.06
641.76	- 642.28	12.07
642.29	- 642.81	12.08
642.82	- 643.35	12.09
643.36	- 643.88	12.10
643.89	- 644.41	12.11
644.42	- 644.94	12.12
644.95	- 645.47	12.13
645.48	- 646.01	12.14
646.02	- 646.54	12.15
646.55	- 647.07	12.16
647.08	- 647.60	12.17
647.61	- 648.13	12.18
648.14	- 648.67	12.19
648.68	- 649.20	12.20
649.21	- 649.73	12.21
649.74	- 650.26	12.22
650.27	- 650.79	12.23
650.80	- 651.32	12.24

Insurable Earnings		EI premium
From	To	
689.63	- 690.15	12.97
690.16	- 690.69	12.98
690.70	- 691.22	12.99
691.23	- 691.75	13.00
691.76	- 692.28	13.01
692.29	- 692.81	13.02
692.82	- 693.35	13.03
693.36	- 693.88	13.04
693.89	- 694.41	13.05
694.42	- 694.94	13.06
694.95	- 695.47	13.07
695.48	- 696.01	13.08
696.02	- 696.54	13.09
696.55	- 697.07	13.10
697.08	- 697.60	13.11
697.61	- 698.13	13.12
698.14	- 698.67	13.13
698.68	- 699.20	13.14
699.21	- 699.73	13.15
699.74	- 700.26	13.16
700.27	- 700.79	13.17
700.80	- 701.32	13.18
701.32	- 701.86	13.19
701.87	- 702.39	13.20
702.40	- 702.92	13.21
702.93	- 703.45	13.22
703.46	- 703.98	13.23
703.99	- 704.52	13.24
704.53	- 705.05	13.25
705.06	- 705.58	13.26
705.59	- 706.11	13.27
706.12	- 706.64	13.28
706.65	- 707.18	13.29
707.19	- 707.71	13.30
707.72	- 708.24	13.31
708.25	- 708.77	13.32
708.78	- 709.30	13.33
709.31	- 709.84	13.34
709.85	- 710.37	13.35
710.38	- 710.90	13.36
710.91	- 711.43	13.37
711.44	- 711.96	13.38
711.97	- 712.49	13.39
712.50	- 713.03	13.40
713.04	- 713.56	13.41
713.57	- 714.09	13.42
714.10	- 714.62	13.43
714.63	- 715.15	13.44
715.16	- 715.69	13.45
715.70	- 716.22	13.46
716.23	- 716.75	13.47
716.76	- 717.28	13.48
717.29	- 717.81	13.49
717.82	- 718.35	13.50
718.36	- 718.88	13.51
718.89	- 719.41	13.52
719.42	- 719.94	13.53
719.95	- 720.47	13.54
720.48	- 721.01	13.55
721.02	- 721.54	13.56
721.55	- 722.07	13.57
722.08	- 722.60	13.58
722.61	- 723.13	13.59
723.14	- 723.67	13.60
723.68	- 724.20	13.61
724.21	- 724.73	13.62
724.74	- 725.26	13.63
725.27	- 725.79	13.64
725.80	- 726.32	13.65
726.32	- 726.86	13.66
726.87	- 727.39	13.67
727.40	- 727.92	13.68

## Federal tax deductions

Effective January 1, 2013

Biweekly (26 pay periods a year)

Also look up the tax deductions in the provincial table

Pay		CC 0	CC 1	CC 2	CC 3	C
From	Less than					
	495	* (1)	.00			
495	- 499	64.00	.35			
499	- 503	64.55	.90			
503	- 507	65.15	1.45			
507	- 511	65.70	2.00			
511	- 515	66.25	2.55			
515	- 519	66.80	3.15			
519	- 523	67.35	3.70			
523	- 527	67.95	4.25			
527	- 531	68.50	4.80			
531	- 535	69.05	5.35			
535	- 539	69.60	5.90			
539	- 543	70.15	6.50	.40		
543	- 547	70.70	7.05	.95		
547	- 551	71.30	7.60	1.50		
551	- 555	71.85	8.15	2.10		
555	- 559	72.40	8.70	2.65		
559	- 563	72.95	9.30	3.20		
563	- 567	73.50	9.85	3.75		
567	- 571	74.10	10.40	4.30		
571	- 575	74.65	10.95	4.85		
575	- 579	75.20	11.50	5.45		
579	- 583	75.75	12.05	6.00		
583	- 587	76.30	12.65	6.55		
587	- 591	76.85	13.20	7.10		
591	- 595	77.45	13.75	7.65		
595	- 599	78.00	14.30	8.20		
599	- 603	78.55	14.85	8.80		
603	- 607	79.10	15.45	9.35		
607	- 611	79.65	16.00	9.90		
611	- 615	80.25	16.55	10.45		
615	- 619	80.80	17.10	11.00		
619	- 623	81.35	17.65	11.60		
623	- 627	81.90	18.20	12.15		
627	- 631	82.45	18.80	12.70	.55	
631	- 635	83.00	19.35	13.25	1.10	
635	- 639	83.60	19.90	13.80	1.65	
639	- 643	84.15	20.45	14.35	2.20	
643	- 647	84.70	21.00	14.95	2.75	
647	- 651	85.25	21.60	15.50	3.30	
651	- 655	85.80	22.15	16.05	3.90	
655	- 659	86.35	22.70	16.60	4.45	
659	- 663	86.95	23.25	17.15	5.00	
663	- 667	87.50	23.80	17.75	5.55	
667	- 671	88.05	24.35	18.30	6.10	
671	- 675	88.60	24.95	18.85	6.70	
675	- 679	89.15	25.50	19.40	7.25	
679	- 683	89.75	26.05	19.95	7.80	
683	- 687	90.30	26.60	20.50	8.35	
687	- 691	90.85	27.15	21.10	8.90	
691	- 695	91.40	27.70	21.65	9.45	
695	- 699	91.95	28.30	22.20	10.05	
699	- 703	92.50	28.85	22.75	10.60	
703	- 707	93.10	29.40	23.30	11.15	
707	- 711	93.65	29.95	23.90	11.70	

**Manitoba provincial tax deductions**  
**Effective January 1, 2013**  
**Biweekly (26 pay periods a year)**  
**Also look up the tax deductions in the federal table**

Pay		CC 0	CC 1	CC 2	CC 3	CC 4	CC 5
From	Less than						
576	- 584	59.10	22.20	18.65	11.65	4.60	
584	- 592	59.90	23.00	19.45	12.45	5.40	
592	- 600	60.70	23.80	20.25	13.25	6.20	
600	- 608	61.50	24.60	21.10	14.05	7.00	
608	- 616	62.30	25.40	21.90	14.85	7.80	.80
616	- 624	63.10	26.20	22.70	15.65	8.60	1.60
624	- 632	63.90	27.00	23.50	16.45	9.45	2.40
632	- 640	64.70	27.80	24.30	17.25	10.25	3.20
640	- 648	65.50	28.60	25.10	18.05	11.05	4.00
648	- 656	66.35	29.40	25.90	18.90	11.85	4.80
656	- 664	67.15	30.25	26.70	19.70	12.65	5.60
664	- 672	67.95	31.05	27.50	20.50	13.45	6.40
672	- 680	68.75	31.85	28.30	21.30	14.25	7.20
680	- 688	69.55	32.65	29.15	22.10	15.05	8.05
688	- 696	70.35	33.45	29.95	22.90	15.85	8.85
696	- 704	71.15	34.25	30.75	23.70	16.65	9.65
704	- 712	71.95	35.05	31.55	24.50	17.50	10.45
712	- 720	72.75	35.85	32.35	25.30	18.30	11.25
720	- 728	73.55	36.65	33.15	26.10	19.10	12.05
728	- 736	74.40	37.45	33.95	26.95	19.90	12.85
736	- 744	75.20	38.30	34.75	27.75	20.70	13.65
744	- 752	76.00	39.10	35.55	28.55	21.50	14.45
752	- 760	76.80	39.90	36.35	29.35	22.30	15.25
760	- 768	77.60	40.70	37.20	30.15	23.10	16.10
768	- 776	78.40	41.50	38.00	30.95	23.90	16.90
776	- 784	79.20	42.30	38.80	31.75	24.70	17.70
784	- 792	80.00	43.10	39.60	32.55	25.55	18.50
792	- 800	80.80	43.90	40.40	33.35	26.35	19.30
800	- 808	81.60	44.70	41.20	34.15	27.15	20.10
808	- 816	82.45	45.50	42.00	34.95	27.95	20.90
816	- 824	83.25	46.35	42.80	35.80	28.75	21.70
824	- 832	84.05	47.15	43.60	36.60	29.55	22.50
832	- 840	84.85	47.95	44.40	37.40	30.35	23.30
840	- 848	85.65	48.75	45.25	38.20	31.15	24.15
848	- 856	86.45	49.55	46.05	39.00	31.95	24.95
856	- 864	87.25	50.35	46.85	39.80	32.75	25.75
864	- 872	88.05	51.15	47.65	40.60	33.60	26.55
872	- 880	88.85	51.95	48.45	41.40	34.40	27.35
880	- 888	89.65	52.75	49.25	42.20	35.20	28.15
888	- 896	90.50	53.55	50.05	43.00	36.00	28.95
896	- 904	91.30	54.40	50.85	43.85	36.80	29.75
904	- 912	92.10	55.20	51.65	44.65	37.60	30.55
912	- 920	92.90	56.00	52.45	45.45	38.40	31.35
920	- 928	93.70	56.80	53.30	46.25	39.20	32.20
928	- 936	94.50	57.60	54.10	47.05	40.00	33.00
936	- 944	95.30	58.40	54.90	47.85	40.80	33.80
944	- 952	96.10	59.20	55.70	48.65	41.65	34.60
952	- 960	96.90	60.00	56.50	49.45	42.45	35.40
960	- 968	97.70	60.80	57.30	50.25	43.25	36.20
968	- 976	98.55	61.60	58.10	51.05	44.05	37.00
976	- 984	99.35	62.45	58.90	51.90	44.85	37.80
984	- 992	100.15	63.25	59.70	52.70	45.65	38.60
992	- 1000	100.95	64.05	60.50	53.50	46.45	39.40
1000	- 1008	101.75	64.85	61.35	54.30	47.25	40.25
1008	- 1016	102.55	65.65	62.15	55.10	48.05	41.05

## Learning Activity 8.2 (continued)

### 2. Dr. Le Phang, Dentist

In the last two weeks Mackenzie St. Germaine's gross earnings were \$1,625, Roy Dutka's gross earnings were \$1,575, while Sakura Takahashi's gross earnings were \$1,800.

- a) Using the following Canada Pension Plan Contributions deduction table calculate how much CPP each employee owes during this two-week pay period.
  - b) Using the following Employment Insurance Premiums deduction table calculate how much EI Mackenzie St. Germaine owes during this two-week pay period.
  - c) All three employees contribute \$85.00 to a Registered Retirement Plan every pay period. What are the taxable earnings for each employee?
  - d) Using the following Federal and Manitoba Provincial Income Tax Deductions tables calculate how much income tax each employee owes during this two-week pay period. All employees use Claim Code 1 for their taxes.
  - e) Using the information from all of the previous questions, what are the net earnings for this two-week pay period for each employee?
-

**Canada Pension Plan Contributions  
Biweekly (26 pay periods a year)**

Pay			Pay			Pay		
From	To	CPP	From	To	CPP	From	To	CPP
1574.51	- 1574.71	71.28	1618.15	- 1618.34	73.44	1792.70	- 1792.89	82.08
1574.72	- 1574.91	71.29	1618.35	- 1618.54	73.45	1792.90	- 1793.09	82.09
1574.92	- 1575.11	71.30	1618.55	- 1618.75	73.46	1793.10	- 1793.29	82.10
1575.12	- 1575.31	71.31	1618.76	- 1618.95	73.47	1793.30	- 1793.49	82.11
1575.32	- 1575.51	71.32	1618.96	- 1619.15	73.48	1793.50	- 1793.70	82.12
1575.52	- 1575.72	71.33	1619.16	- 1619.35	73.49	1793.71	- 1793.90	82.13
1575.73	- 1575.92	71.34	1619.36	- 1619.55	73.50	1793.91	- 1794.10	82.14
1575.93	- 1576.12	71.35	1619.56	- 1619.76	73.51	1794.11	- 1794.30	82.15
1576.13	- 1576.32	71.36	1619.77	- 1619.96	73.52	1794.31	- 1794.50	82.16
1576.33	- 1576.52	71.37	1619.97	- 1620.16	73.53	1794.51	- 1794.71	82.17
1576.53	- 1576.73	71.38	1620.17	- 1620.36	73.54	1794.72	- 1794.91	82.18
1576.74	- 1576.93	71.39	1620.37	- 1620.56	73.55	1794.92	- 1795.11	82.19
1576.94	- 1577.13	71.40	1620.57	- 1620.77	73.56	1795.12	- 1795.31	82.20
1577.14	- 1577.33	71.41	1620.78	- 1620.97	73.57	1795.32	- 1795.51	82.21
1577.34	- 1577.53	71.42	1620.98	- 1621.17	73.58	1795.52	- 1795.72	82.22
1577.54	- 1577.74	71.43	1621.18	- 1621.37	73.59	1795.73	- 1795.92	82.23
1577.75	- 1577.94	71.44	1621.38	- 1621.57	73.60	1795.93	- 1796.12	82.24
1577.95	- 1578.14	71.45	1621.58	- 1621.78	73.61	1796.13	- 1796.32	82.25
1578.15	- 1578.34	71.46	1621.79	- 1621.98	73.62	1796.33	- 1796.52	82.26
1578.35	- 1578.54	71.47	1621.99	- 1622.18	73.63	1796.53	- 1796.73	82.27
1578.55	- 1578.75	71.48	1622.19	- 1622.38	73.64	1796.74	- 1796.93	82.28
1578.76	- 1578.95	71.49	1622.39	- 1622.58	73.65	1796.94	- 1797.13	82.29
1578.96	- 1579.15	71.50	1622.59	- 1622.79	73.66	1797.14	- 1797.33	82.30
1579.16	- 1579.35	71.51	1622.80	- 1622.99	73.67	1797.34	- 1797.53	82.31
1579.36	- 1579.55	71.52	1623.00	- 1623.19	73.68	1797.54	- 1797.74	82.32
1579.56	- 1579.76	71.53	1623.20	- 1623.39	73.69	1797.75	- 1797.94	82.33
1579.77	- 1579.96	71.54	1623.40	- 1623.59	73.70	1797.95	- 1798.14	82.34
1579.97	- 1580.16	71.55	1623.60	- 1623.80	73.71	1798.15	- 1798.34	82.35
1580.17	- 1580.36	71.56	1623.81	- 1624.00	73.72	1798.35	- 1798.54	82.36
1580.37	- 1580.56	71.57	1624.01	- 1624.20	73.73	1798.55	- 1798.75	82.37
1580.57	- 1580.77	71.58	1624.21	- 1624.40	73.74	1798.76	- 1798.95	82.38
1580.78	- 1580.97	71.59	1624.41	- 1624.60	73.75	1798.96	- 1799.15	82.39
1580.98	- 1581.17	71.60	1624.61	- 1624.81	73.76	1799.16	- 1799.35	82.40
1581.18	- 1581.37	71.61	1624.82	- 1625.01	73.77	1799.36	- 1799.55	82.41
1581.38	- 1581.57	71.62	1625.02	- 1625.21	73.78	1799.56	- 1799.76	82.42
1581.58	- 1581.78	71.63	1625.22	- 1625.41	73.79	1799.77	- 1799.96	82.43
1581.79	- 1581.98	71.64	1625.42	- 1625.62	73.80	1799.97	- 1800.16	82.44
1581.99	- 1582.18	71.65	1625.63	- 1625.82	73.81	1800.17	- 1800.36	82.45
1582.19	- 1582.38	71.66	1625.83	- 1626.02	73.82	1800.37	- 1800.56	82.46
1582.39	- 1582.58	71.67	1626.03	- 1626.22	73.83	1800.57	- 1800.77	82.47
1582.59	- 1582.79	71.68	1626.23	- 1626.42	73.84	1800.78	- 1800.97	82.48
1582.80	- 1582.99	71.69	1626.43	- 1626.63	73.85	1800.98	- 1801.17	82.49
1583.00	- 1583.19	71.70	1626.64	- 1626.83	73.86	1801.18	- 1801.37	82.50
1583.20	- 1583.39	71.71	1626.84	- 1627.03	73.87	1801.38	- 1801.57	82.51
1583.40	- 1583.59	71.72	1627.04	- 1627.23	73.88	1801.58	- 1801.78	82.52
1583.60	- 1583.80	71.73	1627.24	- 1627.43	73.89	1801.79	- 1801.98	82.53
1583.81	- 1584.00	71.74	1627.44	- 1627.64	73.90	1801.99	- 1802.18	82.54
1584.01	- 1584.20	71.75	1627.65	- 1627.84	73.91	1802.19	- 1802.38	82.55
1584.21	- 1584.40	71.76	1627.85	- 1628.04	73.92	1802.39	- 1802.58	82.56
1584.41	- 1584.60	71.77	1628.05	- 1628.24	73.93	1802.59	- 1802.79	82.57
1584.61	- 1584.81	71.78	1628.25	- 1628.44	73.94	1802.80	- 1802.99	82.58
1584.82	- 1585.01	71.79	1628.45	- 1628.65	73.95	1803.00	- 1803.19	82.59
1585.02	- 1585.21	71.80	1628.66	- 1628.85	73.96	1803.20	- 1803.39	82.60
1585.22	- 1585.41	71.81	1628.86	- 1629.05	73.97	1803.40	- 1803.59	82.61
1585.42	- 1585.62	71.82	1629.06	- 1629.25	73.98	1803.60	- 1803.80	82.62
1585.63	- 1585.82	71.83	1629.26	- 1629.45	73.99	1803.81	- 1804.00	82.63
1585.83	- 1586.02	71.84	1629.46	- 1629.66	74.00	1804.01	- 1804.20	82.64
1586.03	- 1586.22	71.85	1629.67	- 1629.86	74.01	1804.21	- 1804.40	82.65
1586.23	- 1586.42	71.86	1629.87	- 1630.06	74.02	1804.41	- 1804.60	82.66
1586.43	- 1586.63	71.87	1630.07	- 1630.26	74.03	1804.61	- 1804.81	82.67
1586.64	- 1586.83	71.88	1630.27	- 1630.46	74.04	1804.82	- 1805.01	82.68
1586.84	- 1587.03	71.89	1630.47	- 1630.67	74.05	1805.02	- 1805.21	82.69
1587.04	- 1587.23	71.90	1630.68	- 1630.87	74.06	1805.22	- 1805.41	82.70
1587.24	- 1587.43	71.91	1630.88	- 1631.07	74.07	1805.42	- 1805.62	82.71
1587.44	- 1587.64	71.92	1631.08	- 1631.27	74.08	1805.63	- 1805.82	82.72
1587.65	- 1587.84	71.93	1631.28	- 1631.47	74.09	1805.83	- 1806.02	82.73
1587.85	- 1588.04	71.94	1631.48	- 1631.68	74.10	1806.03	- 1806.22	82.74
1588.05	- 1588.24	71.95	1631.69	- 1631.88	74.11	1806.23	- 1806.42	82.75
1588.25	- 1588.44	71.96	1631.89	- 1632.08	74.12	1806.43	- 1806.63	82.76
1588.45	- 1588.65	71.97	1632.09	- 1632.28	74.13	1806.64	- 1806.83	82.77
1588.66	- 1588.85	71.98	1632.29	- 1632.48	74.14	1806.84	- 1807.03	82.78
1588.86	- 1589.05	71.99	1632.49	- 1632.69	74.15	1807.04	- 1807.23	82.79

## Employment Insurance Premiums

Insurable Earnings		El	Insurable Earnings		El	Insurable Earnings		El
From	To	premium	From	To	premium	From	To	premium
1570.48	- 1571.01	29.53	1608.78	- 1609.30	30.25	1761.97	- 1762.49	33.13
1571.02	- 1571.54	29.54	1609.31	- 1609.84	30.26	1762.50	- 1763.03	33.14
1571.55	- 1572.07	29.55	1609.85	- 1610.37	30.27	1763.04	- 1763.56	33.15
1572.08	- 1572.60	29.56	1610.38	- 1610.90	30.28	1763.57	- 1764.09	33.16
1572.61	- 1573.13	29.57	1610.91	- 1611.43	30.29	1764.10	- 1764.62	33.17
1573.14	- 1573.67	29.58	1611.44	- 1611.96	30.30	1764.63	- 1765.15	33.18
1573.68	- 1574.20	29.59	1611.97	- 1612.49	30.31	1765.16	- 1765.69	33.19
1574.21	- 1574.73	29.60	1612.50	- 1613.03	30.32	1765.70	- 1766.22	33.20
1574.74	- 1575.26	29.61	1613.04	- 1613.56	30.33	1766.23	- 1766.75	33.21
1575.27	- 1575.79	29.62	1613.57	- 1614.09	30.34	1766.76	- 1767.28	33.22
1575.80	- 1576.32	29.63	1614.10	- 1614.62	30.35	1767.29	- 1767.81	33.23
1576.33	- 1576.86	29.64	1614.63	- 1615.15	30.36	1767.82	- 1768.35	33.24
1576.87	- 1577.39	29.65	1615.16	- 1615.69	30.37	1768.36	- 1768.88	33.25
1577.40	- 1577.92	29.66	1615.70	- 1616.22	30.38	1768.89	- 1769.41	33.26
1577.93	- 1578.45	29.67	1616.23	- 1616.75	30.39	1769.42	- 1769.94	33.27
1578.46	- 1578.98	29.68	1616.76	- 1617.28	30.40	1769.95	- 1770.47	33.28
1578.99	- 1579.52	29.69	1617.29	- 1617.81	30.41	1770.48	- 1771.01	33.29
1579.53	- 1580.05	29.70	1617.82	- 1618.35	30.42	1771.02	- 1771.54	33.30
1580.06	- 1580.58	29.71	1618.36	- 1618.88	30.43	1771.55	- 1772.07	33.31
1580.59	- 1581.11	29.72	1618.89	- 1619.41	30.44	1772.08	- 1772.60	33.32
1581.12	- 1581.64	29.73	1619.42	- 1619.94	30.45	1772.61	- 1773.13	33.33
1581.65	- 1582.18	29.74	1619.95	- 1620.47	30.46	1773.14	- 1773.67	33.34
1582.19	- 1582.71	29.75	1620.48	- 1621.01	30.47	1773.68	- 1774.20	33.35
1582.72	- 1583.24	29.76	1621.02	- 1621.54	30.48	1774.21	- 1774.73	33.36
1583.25	- 1583.77	29.77	1621.55	- 1622.07	30.49	1774.74	- 1775.26	33.37
1583.78	- 1584.30	29.78	1622.08	- 1622.60	30.50	1775.27	- 1775.79	33.38
1584.31	- 1584.84	29.79	1622.61	- 1623.13	30.51	1775.80	- 1776.32	33.39
1584.85	- 1585.37	29.80	1623.14	- 1623.67	30.52	1776.32	- 1776.86	33.40
1585.38	- 1585.90	29.81	1623.68	- 1624.20	30.53	1776.87	- 1777.39	33.41
1585.91	- 1586.43	29.82	1624.21	- 1624.73	30.54	1777.40	- 1777.92	33.42
1586.44	- 1586.96	29.83	1624.74	- 1625.26	30.55	1777.93	- 1778.45	33.43
1586.97	- 1587.49	29.84	1625.27	- 1625.79	30.56	1778.46	- 1778.98	33.44
1587.50	- 1588.03	29.85	1625.80	- 1626.32	30.57	1778.99	- 1779.52	33.45
1588.04	- 1588.56	29.86	1626.33	- 1626.86	30.58	1779.53	- 1780.05	33.46
1588.57	- 1589.09	29.87	1626.87	- 1627.39	30.59	1780.06	- 1780.58	33.47
1589.10	- 1589.62	29.88	1627.40	- 1627.92	30.60	1780.59	- 1781.11	33.48
1589.63	- 1590.15	29.89	1627.93	- 1628.45	30.61	1781.12	- 1781.64	33.49
1590.16	- 1590.69	29.90	1628.46	- 1628.98	30.62	1781.65	- 1782.18	33.50
1590.70	- 1591.22	29.91	1628.99	- 1629.52	30.63	1782.19	- 1782.71	33.51
1591.23	- 1591.75	29.92	1629.53	- 1630.05	30.64	1782.72	- 1783.24	33.52
1591.76	- 1592.28	29.93	1630.06	- 1630.58	30.65	1783.25	- 1783.77	33.53
1592.29	- 1592.81	29.94	1630.59	- 1631.11	30.66	1783.78	- 1784.30	33.54
1592.82	- 1593.35	29.95	1631.12	- 1631.64	30.67	1784.31	- 1784.84	33.55
1593.36	- 1593.88	29.96	1631.65	- 1632.18	30.68	1784.85	- 1785.37	33.56
1593.89	- 1594.41	29.97	1632.19	- 1632.71	30.69	1785.38	- 1785.90	33.57
1594.42	- 1594.94	29.98	1632.72	- 1633.24	30.70	1785.91	- 1786.43	33.58
1594.95	- 1595.47	29.99	1633.25	- 1633.77	30.71	1786.44	- 1786.96	33.59
1595.48	- 1596.01	30.00	1633.78	- 1634.30	30.72	1786.97	- 1787.49	33.60
1596.02	- 1596.54	30.01	1634.31	- 1634.84	30.73	1787.50	- 1788.03	33.61
1596.55	- 1597.07	30.02	1634.85	- 1635.37	30.74	1788.04	- 1788.56	33.62
1597.08	- 1597.60	30.03	1635.38	- 1635.90	30.75	1788.57	- 1789.09	33.63
1597.61	- 1598.13	30.04	1635.91	- 1636.43	30.76	1789.10	- 1789.62	33.64
1598.14	- 1598.67	30.05	1636.44	- 1636.96	30.77	1789.63	- 1790.15	33.65
1598.68	- 1599.20	30.06	1636.97	- 1637.49	30.78	1790.16	- 1790.69	33.66
1599.21	- 1599.73	30.07	1637.50	- 1638.03	30.79	1790.70	- 1791.22	33.67
1599.74	- 1600.26	30.08	1638.04	- 1638.56	30.80	1791.23	- 1791.75	33.68
1600.27	- 1600.79	30.09	1638.57	- 1639.09	30.81	1791.76	- 1792.28	33.69
1600.80	- 1601.32	30.10	1639.10	- 1639.62	30.82	1792.29	- 1792.81	33.70
1601.32	- 1601.86	30.11	1639.63	- 1640.15	30.83	1792.82	- 1793.35	33.71
1601.87	- 1602.39	30.12	1640.16	- 1640.69	30.84	1793.36	- 1793.88	33.72
1602.40	- 1602.92	30.13	1640.70	- 1641.22	30.85	1793.89	- 1794.41	33.73
1602.93	- 1603.45	30.14	1641.23	- 1641.75	30.86	1794.42	- 1794.94	33.74
1603.46	- 1603.98	30.15	1641.76	- 1642.28	30.87	1794.95	- 1795.47	33.75
1603.99	- 1604.52	30.16	1642.29	- 1642.81	30.88	1795.48	- 1796.01	33.76
1604.53	- 1605.05	30.17	1642.82	- 1643.35	30.89	1796.02	- 1796.54	33.77
1605.06	- 1605.58	30.18	1643.36	- 1643.88	30.90	1796.55	- 1797.07	33.78
1605.59	- 1606.11	30.19	1643.89	- 1644.41	30.91	1797.08	- 1797.60	33.79
1606.12	- 1606.64	30.20	1644.42	- 1644.94	30.92	1797.61	- 1798.13	33.80
1606.65	- 1607.18	30.21	1644.95	- 1645.47	30.93	1798.14	- 1798.67	33.81
1607.19	- 1607.71	30.22	1645.48	- 1646.01	30.94	1798.68	- 1799.20	33.82
1607.72	- 1608.24	30.23	1646.02	- 1646.54	30.95	1799.21	- 1799.73	33.83
1608.25	- 1608.77	30.24	1646.55	- 1647.07	30.96	1799.74	- 1800.26	33.84

**Federal tax deductions**

Effective January 1, 2013

Biweekly (26 pay periods a year)

Also look up the tax deductions in the provincial table

Pay		CC 0	CC 1	CC 2	CC 3	CC 4	CC 5	CC 6
From	Less than							
1151	- 1167	156.55	92.85	86.75	74.60	62.45	50.25	38.10
1167	- 1183	158.75	95.10	89.00	76.85	64.65	52.50	40.35
1183	- 1199	161.00	97.30	91.25	79.05	66.90	54.75	42.55
1199	- 1215	163.25	99.55	93.50	81.30	69.15	56.95	44.80
1215	- 1231	165.50	101.80	95.70	83.55	71.40	59.20	47.05
1231	- 1247	167.70	104.05	97.95	85.80	73.60	61.45	49.30
1247	- 1263	169.95	106.25	100.20	88.00	75.85	63.70	51.50
1263	- 1279	172.20	108.50	102.40	90.25	78.10	65.90	53.75
1279	- 1295	174.40	110.75	104.65	92.50	80.30	68.15	56.00
1295	- 1311	176.65	113.00	106.90	94.70	82.55	70.40	58.20
1311	- 1327	178.90	115.20	109.15	96.95	84.80	72.65	60.45
1327	- 1343	181.15	117.45	111.35	99.20	87.05	74.85	62.70
1343	- 1359	183.35	119.70	113.60	101.45	89.25	77.10	64.95
1359	- 1375	185.60	121.90	115.85	103.65	91.50	79.35	67.15
1375	- 1391	187.85	124.15	118.05	105.90	93.75	81.55	69.40
1391	- 1407	190.05	126.40	120.30	108.15	95.95	83.80	71.65
1407	- 1423	192.30	128.65	122.55	110.40	98.20	86.05	73.85
1423	- 1439	194.55	130.85	124.80	112.60	100.45	88.30	76.10
1439	- 1455	196.80	133.10	127.00	114.85	102.70	90.50	78.35
1455	- 1471	199.00	135.35	129.25	117.10	104.90	92.75	80.60
1471	- 1487	201.25	137.55	131.50	119.30	107.15	95.00	82.80
1487	- 1503	203.50	139.80	133.70	121.55	109.40	97.20	85.05
1503	- 1519	205.75	142.05	135.95	123.80	111.65	99.45	87.30
1519	- 1535	207.95	144.30	138.20	126.05	113.85	101.70	89.55
1535	- 1551	210.20	146.50	140.45	128.25	116.10	103.95	91.75
1551	- 1567	212.45	148.75	142.65	130.50	118.35	106.15	94.00
1567	- 1583	214.65	151.00	144.90	132.75	120.55	108.40	96.25
1583	- 1599	216.90	153.20	147.15	134.95	122.80	110.65	98.45
1599	- 1615	219.15	155.45	149.40	137.20	125.05	112.90	100.70
1615	- 1631	221.40	157.70	151.60	139.45	127.30	115.10	102.95
1631	- 1647	223.60	159.95	153.85	141.70	129.50	117.35	105.20
1647	- 1663	225.85	162.15	156.10	143.90	131.75	119.60	107.40
1663	- 1679	228.10	164.40	158.30	146.15	134.00	121.80	109.65
1679	- 1695	231.15	167.45	161.40	149.20	137.05	124.90	112.70
1695	- 1711	234.50	170.80	164.75	152.55	140.40	128.25	116.05
1711	- 1727	237.85	174.15	168.10	155.90	143.75	131.60	119.40
1727	- 1743	241.20	177.55	171.45	159.30	147.10	134.95	122.80
1743	- 1759	244.55	180.90	174.80	162.65	150.45	138.30	126.15
1759	- 1775	247.90	184.25	178.15	166.00	153.80	141.65	129.50
1775	- 1791	251.30	187.60	181.50	169.35	157.20	145.00	132.85
1791	- 1807	254.65	190.95	184.85	172.70	160.55	148.35	136.20
1807	- 1823	258.00	194.30	188.25	176.05	163.90	151.70	139.55
1823	- 1839	261.35	197.70	191.60	179.45	167.25	155.10	142.95
1839	- 1855	264.75	201.10	195.00	182.85	170.65	158.50	146.35
1855	- 1871	268.15	204.50	198.40	186.25	174.05	161.90	149.75
1871	- 1887	271.55	207.90	201.80	189.65	177.45	165.30	153.15
1887	- 1903	274.95	211.30	205.20	193.05	180.90	168.70	156.55
1903	- 1919	278.40	214.70	208.60	196.45	184.30	172.10	159.95
1919	- 1935	281.80	218.10	212.00	199.85	187.70	175.50	163.35
1935	- 1951	285.20	221.50	215.40	203.25	191.10	178.90	166.75
1951	- 1967	288.60	224.90	218.80	206.65	194.50	182.30	170.15
1967	- 1983	292.05	228.35	222.30	210.10	197.95	185.80	173.60
1983	- 1999	295.55	231.90	225.80	213.65	201.45	189.30	177.15
1999	- 2015	299.10	235.40	229.35	217.15	205.00	192.85	180.65
2015	- 2031	302.60	238.95	232.85	220.70	208.50	196.35	184.20

## Manitoba provincial tax deductions

Effective January 1, 2013

Biweekly (26 pay periods a year)

Also look up the tax deductions in the federal table

Pay		CC 0	CC 1	CC 2	CC 3	CC 4	CC 5
From	Less than						
1016	- 1032	103.75	66.85	63.35	56.30	49.25	42.25
1032	- 1048	105.35	68.45	64.95	57.90	50.90	43.85
1048	- 1064	107.00	70.10	66.55	59.55	52.50	45.45
1064	- 1080	108.60	71.70	68.15	61.15	54.10	47.05
1080	- 1096	110.20	73.30	69.80	62.75	55.70	48.70
1096	- 1112	111.80	74.90	71.40	64.35	57.30	50.30
1112	- 1128	113.40	76.50	73.00	65.95	58.95	51.90
1128	- 1144	115.05	78.15	74.60	67.60	60.55	53.50
1144	- 1160	116.65	79.75	76.20	69.20	62.15	55.10
1160	- 1176	118.25	81.35	77.85	70.80	63.75	56.75
1176	- 1192	119.85	82.95	79.45	72.40	65.35	58.35
1192	- 1208	121.60	84.70	81.20	74.15	67.10	60.10
1208	- 1224	123.50	86.60	83.10	76.05	69.05	62.00
1224	- 1240	125.45	88.55	85.00	78.00	70.95	63.95
1240	- 1256	127.35	90.45	86.95	79.90	72.90	65.85
1256	- 1272	129.30	92.40	88.85	81.85	74.80	67.75
1272	- 1288	131.20	94.30	90.80	83.75	76.75	69.70
1288	- 1304	133.15	96.25	92.70	85.70	78.65	71.60
1304	- 1320	135.05	98.15	94.65	87.60	80.55	73.55
1320	- 1336	136.95	100.05	96.55	89.50	82.50	75.45
1336	- 1352	138.90	102.00	98.50	91.45	84.40	77.40
1352	- 1368	140.80	103.90	100.40	93.35	86.35	79.30
1368	- 1384	142.75	105.85	102.30	95.30	88.25	81.20
1384	- 1400	144.65	107.75	104.25	97.20	90.20	83.15
1400	- 1416	146.60	109.70	106.15	99.15	92.10	85.05
1416	- 1432	148.50	111.60	108.10	101.05	94.00	87.00
1432	- 1448	150.45	113.55	110.00	103.00	95.95	88.90
1448	- 1464	152.35	115.45	111.95	104.90	97.85	90.85
1464	- 1480	154.25	117.35	113.85	106.80	99.80	92.75
1480	- 1496	156.20	119.30	115.80	108.75	101.70	94.70
1496	- 1512	158.10	121.20	117.70	110.65	103.65	96.60
1512	- 1528	160.05	123.15	119.60	112.60	105.55	98.50
1528	- 1544	161.95	125.05	121.55	114.50	107.50	100.45
1544	- 1560	163.90	127.00	123.45	116.45	109.40	102.35
1560	- 1576	165.80	128.90	125.40	118.35	111.30	104.30
1576	- 1592	167.75	130.80	127.30	120.25	113.25	106.20
1592	- 1608	169.65	132.75	129.25	122.20	115.15	108.15
1608	- 1624	171.55	134.65	131.15	124.10	117.10	110.05
1624	- 1640	173.50	136.60	133.05	126.05	119.00	112.00
1640	- 1656	175.40	138.50	135.00	127.95	120.95	113.90
1656	- 1672	177.35	140.45	136.90	129.90	122.85	115.80
1672	- 1688	179.25	142.35	138.85	131.80	124.75	117.75
1688	- 1704	181.20	144.30	140.75	133.75	126.70	119.65
1704	- 1720	183.10	146.20	142.70	135.65	128.60	121.60
1720	- 1736	185.00	148.10	144.60	137.55	130.55	123.50
1736	- 1752	186.95	150.05	146.55	139.50	132.45	125.45
1752	- 1768	188.85	151.95	148.45	141.40	134.40	127.35
1768	- 1784	190.80	153.90	150.35	143.35	136.30	129.25
1784	- 1800	192.70	155.80	152.30	145.25	138.25	131.20
1800	- 1816	194.65	157.75	154.20	147.20	140.15	133.10
1816	- 1832	196.55	159.65	156.15	149.10	142.05	135.05
1832	- 1848	198.50	161.60	158.10	151.05	144.05	137.00
1848	- 1864	200.45	163.55	160.05	153.00	146.00	138.95
1864	- 1880	202.40	165.50	162.00	154.95	147.95	140.90
1880	- 1896	204.40	167.45	163.95	156.90	149.90	142.85



## End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 8 Learning Activity Answer Key to ensure that your answers are correct.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next lesson builds on the outcomes you just finished.

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## Notes

## LESSON 3: PAYROLL REGISTER

### Lesson Focus

By the end of this lesson, you should be able to

- describe the payroll register
- prepare a payroll register

### Introduction

The Payroll Register is an accounting form used to record and calculate payroll earnings and deductions. The next step in the payroll process is to record the details of earnings and deductions on this form.

### The Payroll Register



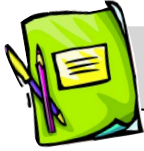
A **Payroll Register** is a payroll record used by a business to record gross earnings, deductions, and net earnings for all employees.

The payroll register for Strong Arm Fitness follows.

PAYROLL REGISTER														
PAY PERIOD ENDING: April 15, 2016												PAGE	5	
EMP. NO.	NAME OF EMPLOYEE	NET CLAIM CODE	GROSS EARNINGS	NON-TAXABLES		OTHER DEDUCTIONS						TOTAL DEDUCTIONS	NET EARNINGS	
				RPP	UNION DUES	TAXABLE EARNINGS	FED. INCOME TAX	PROV. INCOME TAX	TOTAL INCOME TAX	C.P.P.	E.I.			HEALTH INS.
35	Clarke, S.	CC1	1,200.00	50.00		1,150.00	91.15	79.75	170.90	52.74	22.56		246.20	903.80
36	Horowitz, R.	CC3	1,846.15	50.00		1,796.15	172.70	145.25	317.95	82.74	34.71		435.40	1,360.75
			3,046.15	100.00	—	2,946.15	263.85	225.00	488.85	135.48	57.27	—	681.60	2,264.55

To complete the payroll register

- Record the payroll information (including employee name, claim code, gross earnings, and non-taxables).
- Determine the taxable earnings.
- Record other deductions including income tax, CPP, and EI deductions.
- Calculate the total deductions and net earnings.
- Calculate net earnings.
- Total the payroll register and double underline the final amounts in each column.



## Learning Activity 8.3

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1. **Blue Grass Lawn Care**
    - a) Open the file called “Mod 8 LA 8.3 BGLC.”
    - b) Enter the information from Learning Activity 8.2, Question 1 into the Payroll Register, for the period ending August 15.
  2. **Dr. Le Phang, Dentist**
    - a) Open the file called “Mod 8 LA 8.3 DLPD.”
    - b) Enter the information from Learning Activity 8.2, Question 2 into the Payroll Register, for the period ending February 15.
- 

### End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 8 Learning Activity Answer Key to ensure that your answers are correct.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next lesson builds on the outcomes you just finished.

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## Notes

## LESSON 4: JOURNALIZING PAYROLL

### Lesson Focus

By the end of this lesson, you should be able to

- differentiate between Salaries Expense and Salaries Payable
- record the totals from the payroll register into the general journal
- record the payment of salaries to the employees in the general journal
- analyze and record the employer's payroll expenses in the general journal
- analyze and record the remittance of payroll liabilities in the general journal

### Introduction

The final step in the payroll process involves the recording of earnings and deductions in the journal as well as the actual paying out of all amounts. This includes paying employees and remitting all deductions to the government.

### Recording Payroll

The payroll register allows you to keep track of each employee's pay and their deductions. You must now journalize all money leaving the business into the proper expense and payable categories.

A copy of Strong Arm Fitness' payroll register follows.

PAYROLL REGISTER

PAY PERIOD ENDING: April 15, 2016

PAGE 5

EMP. NO.	NAME OF EMPLOYEE	NET CLAIM CODE	GROSS EARNINGS	NON-TAXABLES		TAXABLE EARNINGS	OTHER DEDUCTIONS						TOTAL DEDUCTIONS	NET EARNINGS	
				RPP	UNION DUES		FED. INCOME TAX	PROV. INCOME TAX	TOTAL INCOME TAX	C.P.P.	E.I.	HEALTH INS.			GROUP INS.
35	Clarke, S.	CC1	1,200.00	50.00		1,150.00	91.15	79.75	170.90	52.74	22.56			246.20	903.80
36	Horowitz, R.	CC3	1,846.15	50.00		1,796.15	172.70	145.25	317.95	82.74	34.71			435.40	1,360.75
			3,046.15	100.00	—	2,946.15	263.85	225.00	488.85	135.48	57.27	—	—	681.60	2,264.55



### Step 1: Record the Wages Expenses and the payroll liabilities

GENERAL JOURNAL				Page	16
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
2016					
Apr	15	Wages Expense		3,046.15	
		CPP Payable			135.48
		EI Payable			57.27
		RPP Payable			100.00
		Federal Income Tax Payable			263.85
		Manitoba Provincial Income Tax Payable			225.00
		Wages Payable			2,264.55
		Payroll for two weeks			

**Wages Expense** represents the gross earnings of the two Strong Arm Fitness employees. **CPP Payable**, **EI Payable**, **RPP Payable**, **Federal Income Tax Payable**, and **Provincial Income Tax Payable** are the total amounts taken off each employee's pay cheque. **Wages Payable** represents the amount of money that the business owes the employees. This would be the total of the two employee's pay cheques.

In Step 1, You recorded that you owe the employees money.

### Step 2: Record the payment to employees

	15	Wages Payable		2,264.55	
		Cash			2,264.55
		Cheques #180 and #181			

This transaction shows the cash leaving the business for the employee's net earnings.

### Step 3: Record the employer's payroll expenses

Not only do employees contribute to their CPP and EI as deductions from their wages, but all employers must also contribute to their employee's CPP and EI.

The employer portion of the CPP is the same as the employee portion of CPP; therefore, \$135.48.

The employer portion of EI is 1.4 times as much as the employee portion of EI:  
 $\$57.27 \times 1.4 = \$80.18$

	15	CPP Expense		135.48	
		CPP Payable			135.48
		To record the employer's contributions to CPP			
	15	EI Expense		80.18	
		EI Payable			80.18
		To record the employer's contributions to EI			

### Step 4: Record the payment of payroll deductions

The remittance date of payroll liabilities is the 15th day of the month following the payment of the payroll. The transaction to remit the payroll liabilities is as follows:

May	15	CPP Payable		270.96	
		EI Payable		137.45	
		RPP Payable		100.00	
		Federal Income Tax Payable		263.85	
		Manitoba Provincial Income Tax Payable		225.00	
		Cash			997.26
		To record the payment of payroll deductions—Cheque #182			

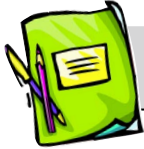
Notice that the CPP and EI amounts include both the employee's contribution and the employer's contribution.

CPP = Employee Contribution + Employer Contribution  
 CPP = \$135.48 + \$135.48 = \$270.96

EI = Employee Contribution + Employer Contribution  
 EI = \$57.27 + \$80.18 = \$137.45

## Posting Payroll

Once journalizing is complete, all transactions must be posted. Posting is done in the same way you learned in Module 4. To save time, you will not post in this module.



### Learning Activity 8.4

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#### 1. Blue Grass Lawn Care

- a) Open the file called “Mod 8 LA 8.4 BGLC.”
- b) Using the information from Learning Activity 8.3, Question 1, journalize the payroll register for the two-week pay period for Blue Grass Lawn Care for August 15, 20XX, starting on page 53. Make sure to include the following journal entries.
  - i) The salaries expense and payroll liabilities.
  - ii) The payment to employees. Use Cheques #175 and #176.
  - iii) The employer’s payroll expenses.
  - iv) The payment of payroll liabilities. Use Cheque #177.

#### 2. Dr. Le Phang, Dentist

- a) Open the file called “Mod 8 LA 8.4 BGLC.”
  - b) Using the information from Learning Activity 8.3, Question 2, journalize the payroll register for the two-week pay period for Dr. Le Phang, Dentist for February 15, 20XX, starting on page 60. Make sure to include the following journal entries.
    - i) The salaries expense and payroll liabilities.
    - ii) The payment to employees. Use Cheques #203, #204, and #205.
    - iii) The employer’s payroll expenses.
    - iv) The payment of payroll liabilities. Use Cheque #206.
-

## End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 8 Learning Activity Answer Key to ensure that your answers are correct.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next module builds on the outcomes you just finished.



## Assignment 8.1

You are about to start the eighth assignment that will be submitted to the Distance Learning Unit. This assignment is based on the Learning Activities that you have already completed. For each question, note the amount of marks it is worth. Any errors will cause a loss of mark(s). Check your work carefully before submitting it.

### 1. Snips Hair Care

- a) Open the file “Mod 8 A1.” Save the file as “Your Name Mod 8 A1.”
- b) Use the following information to complete the payroll register for Snips Hair Care for the two-week period ending February 15, 20XX. Use page 1 of the payroll register. (15 marks)
  - i) Employee No. 26  
Richard Powell  
Claim Code: 1  
Gross Earnings: \$1,250  
Registered Retirement Plan: \$20
  - ii) Employee No. 27  
Sabrina Michalyshyn  
Claim Code: 1  
Gross Earnings: \$1,600  
Registered Retirement Plan: \$20
  - iii) Employee No. 28  
Terri Martin  
Claim Code: 1  
Gross Earnings: \$950  
Registered Retirement Plan: \$20
- c) Journalize the salaries expense and payroll liabilities, the payment to employees, the employer’s payroll expenses, and the payment of payroll liabilities. Start on page 25 of the general journal. Start with cheque #135. (10 marks)

*continued*

**Canada Pension Plan Contributions  
Biweekly (26 pay periods a year)**

Pay			Pay			Pay		
From	To	CPP	From	To	CPP	From	To	CPP
949.06	- 949.25	40.32	1239.97	- 1240.16	54.72	1589.06	- 1589.25	72.00
949.26	- 949.45	40.33	1240.17	- 1240.36	54.73	1589.26	- 1589.45	72.01
949.46	- 949.66	40.34	1240.37	- 1240.56	54.74	1589.46	- 1589.66	72.02
949.67	- 949.86	40.35	1240.57	- 1240.77	54.75	1589.67	- 1589.86	72.03
949.87	- 950.06	40.36	1240.78	- 1240.97	54.76	1589.87	- 1590.06	72.04
950.07	- 950.26	40.37	1240.98	- 1241.17	54.77	1590.07	- 1590.26	72.05
950.27	- 950.46	40.38	1241.18	- 1241.37	54.78	1590.27	- 1590.46	72.06
950.47	- 950.67	40.39	1241.38	- 1241.57	54.79	1590.47	- 1590.67	72.07
950.68	- 950.87	40.40	1241.58	- 1241.78	54.80	1590.68	- 1590.87	72.08
950.88	- 951.07	40.41	1241.79	- 1241.98	54.81	1590.88	- 1591.07	72.09
951.08	- 951.27	40.42	1241.99	- 1242.18	54.82	1591.08	- 1591.27	72.10
951.28	- 951.47	40.43	1242.19	- 1242.38	54.83	1591.28	- 1591.47	72.11
951.48	- 951.68	40.44	1242.39	- 1242.58	54.84	1591.48	- 1591.68	72.12
951.69	- 951.88	40.45	1242.59	- 1242.79	54.85	1591.69	- 1591.88	72.13
951.89	- 952.08	40.46	1242.80	- 1242.99	54.86	1591.89	- 1592.08	72.14
952.09	- 952.28	40.47	1243.00	- 1243.19	54.87	1592.09	- 1592.28	72.15
952.29	- 952.48	40.48	1243.20	- 1243.39	54.88	1592.29	- 1592.48	72.16
952.49	- 952.69	40.49	1243.40	- 1243.59	54.89	1592.49	- 1592.69	72.17
952.70	- 952.89	40.50	1243.60	- 1243.80	54.90	1592.70	- 1592.89	72.18
952.90	- 953.09	40.51	1243.81	- 1244.00	54.91	1592.90	- 1593.09	72.19
953.10	- 953.29	40.52	1244.01	- 1244.20	54.92	1593.10	- 1593.29	72.20
953.30	- 953.49	40.53	1244.21	- 1244.40	54.93	1593.30	- 1593.49	72.21
953.50	- 953.70	40.54	1244.41	- 1244.60	54.94	1593.50	- 1593.70	72.22
953.71	- 953.90	40.55	1244.61	- 1244.81	54.95	1593.71	- 1593.90	72.23
953.91	- 954.10	40.56	1244.82	- 1245.01	54.96	1593.91	- 1594.10	72.24
954.11	- 954.30	40.57	1245.02	- 1245.21	54.97	1594.11	- 1594.30	72.25
954.31	- 954.50	40.58	1245.22	- 1245.41	54.98	1594.31	- 1594.50	72.26
954.51	- 954.71	40.59	1245.42	- 1245.62	54.99	1594.51	- 1594.71	72.27
954.72	- 954.91	40.60	1245.63	- 1245.82	55.00	1594.72	- 1594.91	72.28
954.92	- 955.11	40.61	1245.83	- 1246.02	55.01	1594.92	- 1595.11	72.29
955.12	- 955.31	40.62	1246.03	- 1246.22	55.02	1595.12	- 1595.31	72.30
955.32	- 955.51	40.63	1246.23	- 1246.42	55.03	1595.32	- 1595.51	72.31
955.52	- 955.72	40.64	1246.43	- 1246.63	55.04	1595.52	- 1595.72	72.32
955.73	- 955.92	40.65	1246.64	- 1246.83	55.05	1595.73	- 1595.92	72.33
955.93	- 956.12	40.66	1246.84	- 1247.03	55.06	1595.93	- 1596.12	72.34
956.13	- 956.32	40.67	1247.04	- 1247.23	55.07	1596.13	- 1596.32	72.35
956.33	- 956.52	40.68	1247.24	- 1247.43	55.08	1596.33	- 1596.52	72.36
956.53	- 956.73	40.69	1247.44	- 1247.64	55.09	1596.53	- 1596.73	72.37
956.74	- 956.93	40.70	1247.65	- 1247.84	55.10	1596.74	- 1596.93	72.38
956.94	- 957.13	40.71	1247.85	- 1248.04	55.11	1596.94	- 1597.13	72.39
957.14	- 957.33	40.72	1248.05	- 1248.24	55.12	1597.14	- 1597.33	72.40
957.34	- 957.53	40.73	1248.25	- 1248.44	55.13	1597.34	- 1597.53	72.41
957.54	- 957.74	40.74	1248.45	- 1248.65	55.14	1597.54	- 1597.74	72.42
957.75	- 957.94	40.75	1248.66	- 1248.85	55.15	1597.75	- 1597.94	72.43
957.95	- 958.14	40.76	1248.86	- 1249.05	55.16	1597.95	- 1598.14	72.44
958.15	- 958.34	40.77	1249.06	- 1249.25	55.17	1598.15	- 1598.34	72.45
958.35	- 958.54	40.78	1249.26	- 1249.45	55.18	1598.35	- 1598.54	72.46
958.55	- 958.75	40.79	1249.46	- 1249.66	55.19	1598.55	- 1598.75	72.47
958.76	- 958.95	40.80	1249.67	- 1249.86	55.20	1598.76	- 1598.95	72.48
958.96	- 959.15	40.81	1249.87	- 1250.06	55.21	1598.96	- 1599.15	72.49
959.16	- 959.35	40.82	1250.07	- 1250.26	55.22	1599.16	- 1599.35	72.50
959.36	- 959.55	40.83	1250.27	- 1250.46	55.23	1599.36	- 1599.55	72.51
959.56	- 959.76	40.84	1250.47	- 1250.67	55.24	1599.56	- 1599.76	72.52
959.77	- 959.96	40.85	1250.68	- 1250.87	55.25	1599.77	- 1599.96	72.53
959.97	- 960.16	40.86	1250.88	- 1251.07	55.26	1599.97	- 1600.16	72.54
960.17	- 960.36	40.87	1251.08	- 1251.27	55.27	1600.17	- 1600.36	72.55
960.37	- 960.56	40.88	1251.28	- 1251.47	55.28	1600.37	- 1600.56	72.56
960.57	- 960.77	40.89	1251.48	- 1251.68	55.29	1600.57	- 1600.77	72.57
960.78	- 960.97	40.90	1251.69	- 1251.88	55.30	1600.78	- 1600.97	72.58
960.98	- 961.17	40.91	1251.89	- 1252.08	55.31	1600.98	- 1601.17	72.59
961.18	- 961.37	40.92	1252.09	- 1252.28	55.32	1601.18	- 1601.37	72.60
961.38	- 961.57	40.93	1252.29	- 1252.48	55.33	1601.38	- 1601.57	72.61
961.58	- 961.78	40.94	1252.49	- 1252.69	55.34	1601.58	- 1601.78	72.62
961.79	- 961.98	40.95	1252.70	- 1252.89	55.35	1601.79	- 1601.98	72.63
961.99	- 962.18	40.96	1252.90	- 1253.09	55.36	1601.99	- 1602.18	72.64
962.19	- 962.38	40.97	1253.10	- 1253.29	55.37	1602.19	- 1602.38	72.65
962.39	- 962.58	40.98	1253.30	- 1253.49	55.38	1602.39	- 1602.58	72.66
962.59	- 962.79	40.99	1253.50	- 1253.70	55.39	1602.59	- 1602.79	72.67
962.80	- 962.99	41.00	1253.71	- 1253.90	55.40	1602.80	- 1602.99	72.68
963.00	- 963.19	41.01	1253.91	- 1254.10	55.41	1603.00	- 1603.19	72.69
963.20	- 963.39	41.02	1254.11	- 1254.30	55.42	1603.20	- 1603.39	72.70
963.40	- 963.59	41.03	1254.31	- 1254.50	55.43	1603.40	- 1603.59	72.71

## Employment Insurance Premiums

Insurable Earnings			El premium	Insurable Earnings			El premium	Insurable Earnings			El premium
From	To			From	To			From	To		
919.42	-	919.94	17.29	1225.80	-	1226.32	23.05	1570.48	-	1571.01	29.53
919.95	-	920.47	17.30	1226.33	-	1226.86	23.06	1571.02	-	1571.54	29.54
920.48	-	921.01	17.31	1226.87	-	1227.39	23.07	1571.55	-	1572.07	29.55
921.02	-	921.54	17.32	1227.40	-	1227.92	23.08	1572.08	-	1572.60	29.56
921.55	-	922.07	17.33	1227.93	-	1228.45	23.09	1572.61	-	1573.13	29.57
922.08	-	922.60	17.34	1228.46	-	1228.98	23.10	1573.14	-	1573.67	29.58
922.61	-	923.13	17.35	1228.99	-	1229.52	23.11	1573.68	-	1574.20	29.59
923.14	-	923.67	17.36	1229.53	-	1230.05	23.12	1574.21	-	1574.73	29.60
923.68	-	924.20	17.37	1230.06	-	1230.58	23.13	1574.74	-	1575.26	29.61
924.21	-	924.73	17.38	1230.59	-	1231.11	23.14	1575.27	-	1575.79	29.62
924.74	-	925.26	17.39	1231.12	-	1231.64	23.15	1575.80	-	1576.32	29.63
925.27	-	925.79	17.40	1231.65	-	1232.18	23.16	1576.33	-	1576.86	29.64
925.80	-	926.31	17.41	1232.19	-	1232.71	23.17	1576.87	-	1577.39	29.65
926.32	-	926.86	17.42	1232.72	-	1233.24	23.18	1577.40	-	1577.92	29.66
926.87	-	927.39	17.43	1233.25	-	1233.77	23.19	1577.93	-	1578.45	29.67
927.40	-	927.92	17.44	1233.78	-	1234.30	23.20	1578.46	-	1578.98	29.68
927.93	-	928.45	17.45	1234.31	-	1234.84	23.21	1578.99	-	1579.52	29.69
928.46	-	928.98	17.46	1234.85	-	1235.37	23.22	1579.53	-	1580.05	29.70
928.99	-	929.52	17.47	1235.38	-	1235.90	23.23	1580.06	-	1580.58	29.71
929.53	-	930.05	17.48	1235.91	-	1236.43	23.24	1580.59	-	1581.11	29.72
930.06	-	930.58	17.49	1236.44	-	1236.96	23.25	1581.12	-	1581.64	29.73
930.59	-	931.11	17.50	1236.97	-	1237.49	23.26	1581.65	-	1582.18	29.74
931.12	-	931.64	17.51	1237.50	-	1238.03	23.27	1582.19	-	1582.71	29.75
931.65	-	932.18	17.52	1238.04	-	1238.56	23.28	1582.72	-	1583.24	29.76
932.19	-	932.71	17.53	1238.57	-	1239.09	23.29	1583.25	-	1583.77	29.77
932.72	-	933.24	17.54	1239.10	-	1239.62	23.30	1583.78	-	1584.30	29.78
933.25	-	933.77	17.55	1239.63	-	1240.15	23.31	1584.31	-	1584.84	29.79
933.78	-	934.30	17.56	1240.16	-	1240.69	23.32	1584.85	-	1585.37	29.80
934.31	-	934.84	17.57	1240.70	-	1241.22	23.33	1585.38	-	1585.90	29.81
934.85	-	935.37	17.58	1241.23	-	1241.75	23.34	1585.91	-	1586.43	29.82
935.38	-	935.90	17.59	1241.76	-	1242.28	23.35	1586.44	-	1586.96	29.83
935.91	-	936.43	17.60	1242.29	-	1242.81	23.36	1586.97	-	1587.49	29.84
936.44	-	936.96	17.61	1242.82	-	1243.35	23.37	1587.50	-	1588.03	29.85
936.97	-	937.49	17.62	1243.36	-	1243.88	23.38	1588.04	-	1588.56	29.86
937.50	-	938.03	17.63	1243.89	-	1244.41	23.39	1588.57	-	1589.09	29.87
938.04	-	938.56	17.64	1244.42	-	1244.94	23.40	1589.10	-	1589.62	29.88
938.57	-	939.09	17.65	1244.95	-	1245.47	23.41	1589.63	-	1590.15	29.89
939.10	-	939.62	17.66	1245.48	-	1246.01	23.42	1590.16	-	1590.69	29.90
939.63	-	940.15	17.67	1246.02	-	1246.54	23.43	1590.70	-	1591.22	29.91
940.16	-	940.69	17.68	1246.55	-	1247.07	23.44	1591.23	-	1591.75	29.92
940.70	-	941.22	17.69	1247.08	-	1247.60	23.45	1591.76	-	1592.28	29.93
941.23	-	941.75	17.70	1247.61	-	1248.13	23.46	1592.29	-	1592.81	29.94
941.76	-	942.28	17.71	1248.14	-	1248.67	23.47	1592.82	-	1593.35	29.95
942.29	-	942.81	17.72	1248.68	-	1249.20	23.48	1593.36	-	1593.88	29.96
942.82	-	943.35	17.73	1249.21	-	1249.73	23.49	1593.89	-	1594.41	29.97
943.36	-	943.88	17.74	1249.74	-	1250.26	23.50	1594.42	-	1594.94	29.98
943.89	-	944.41	17.75	1250.27	-	1250.79	23.51	1594.95	-	1595.47	29.99
944.42	-	944.94	17.76	1250.80	-	1251.32	23.52	1595.48	-	1596.01	30.00
944.95	-	945.47	17.77	1251.33	-	1251.86	23.53	1596.02	-	1596.54	30.01
945.48	-	946.01	17.78	1251.87	-	1252.39	23.54	1596.55	-	1597.07	30.02
946.02	-	946.54	17.79	1252.40	-	1252.92	23.55	1597.08	-	1597.60	30.03
946.55	-	947.07	17.80	1252.93	-	1253.45	23.56	1597.61	-	1598.13	30.04
947.08	-	947.60	17.81	1253.46	-	1253.98	23.57	1598.14	-	1598.67	30.05
947.61	-	948.13	17.82	1253.99	-	1254.52	23.58	1598.68	-	1599.20	30.06
948.14	-	948.67	17.83	1254.53	-	1255.05	23.59	1599.21	-	1599.73	30.07
948.68	-	949.20	17.84	1255.06	-	1255.58	23.60	1599.74	-	1600.26	30.08
949.21	-	949.73	17.85	1255.59	-	1256.11	23.61	1600.27	-	1600.79	30.09
949.74	-	950.26	17.86	1256.12	-	1256.64	23.62	1600.80	-	1601.32	30.10
950.27	-	950.79	17.87	1256.65	-	1257.18	23.63	1601.32	-	1601.86	30.11
950.80	-	951.32	17.88	1257.19	-	1257.71	23.64	1601.87	-	1602.39	30.12
951.33	-	951.86	17.89	1257.72	-	1258.24	23.65	1602.40	-	1602.92	30.13
951.87	-	952.39	17.90	1258.25	-	1258.77	23.66	1602.93	-	1603.45	30.14
952.40	-	952.92	17.91	1258.78	-	1259.30	23.67	1603.46	-	1603.98	30.15
952.93	-	953.45	17.92	1259.31	-	1259.84	23.68	1603.99	-	1604.52	30.16
953.46	-	953.98	17.93	1259.85	-	1260.37	23.69	1604.53	-	1605.05	30.17
953.99	-	954.52	17.94	1260.38	-	1260.90	23.70	1605.06	-	1605.58	30.18
954.53	-	955.05	17.95	1260.91	-	1261.43	23.71	1605.59	-	1606.11	30.19
955.06	-	955.58	17.96	1261.44	-	1261.96	23.72	1606.12	-	1606.64	30.20
955.59	-	956.11	17.97	1261.97	-	1262.49	23.73	1606.65	-	1607.18	30.21
956.12	-	956.64	17.98	1262.50	-	1263.03	23.74	1607.19	-	1607.71	30.22
956.65	-	957.18	17.99	1263.04	-	1263.56	23.75	1607.72	-	1608.24	30.23
957.19	-	957.71	18.00	1263.57	-	1264.09	23.76	1608.25	-	1608.77	30.24

**Federal tax deductions**

Effective January 1, 2013

Biweekly (26 pay periods a year)

Also look up the tax deductions in the provincial table

Pay		CC 0	CC 1	CC 2	CC 3
From	Less than				
711	- 719	94.50	30.80	24.70	12.55
719	- 727	95.60	31.90	25.85	13.65
727	- 735	96.70	33.05	26.95	14.80
735	- 743	97.85	34.15	28.05	15.90
743	- 751	98.95	35.25	29.20	17.00
751	- 759	100.05	36.40	30.30	18.15
759	- 767	101.20	37.50	31.40	19.25
767	- 775	102.30	38.65	32.55	20.35
775	- 783	103.40	39.75	33.65	21.50
783	- 791	104.55	40.85	34.80	22.60
791	- 799	105.65	42.00	35.90	23.75
799	- 807	106.80	43.10	37.00	24.85
807	- 815	107.90	44.20	38.15	25.95
815	- 823	109.00	45.35	39.25	27.10
823	- 831	110.15	46.45	40.35	28.20
831	- 839	111.25	47.55	41.50	29.30
839	- 847	112.35	48.70	42.60	30.45
847	- 855	113.50	49.80	43.70	31.55
855	- 863	114.60	50.90	44.85	32.65
863	- 871	115.70	52.05	45.95	33.80
871	- 879	116.85	53.15	47.10	34.90
879	- 887	117.95	54.30	48.20	36.05
887	- 895	119.10	55.40	49.30	37.15
895	- 903	120.20	56.50	50.45	38.25
903	- 911	121.30	57.65	51.55	39.40
911	- 919	122.45	58.75	52.65	40.50
919	- 927	123.55	59.85	53.80	41.60
927	- 935	124.65	61.00	54.90	42.75
935	- 943	125.80	62.10	56.00	43.85
943	- 951	126.90	63.20	57.15	44.95
951	- 959	128.00	64.35	58.25	46.10
959	- 967	129.15	65.45	59.35	47.20
967	- 975	130.25	66.60	60.50	48.35
975	- 983	131.40	67.70	61.60	49.45
983	- 991	132.50	68.80	62.75	50.55
991	- 999	133.60	69.95	63.85	51.70
999	- 1007	134.75	71.05	64.95	52.80
1007	- 1015	135.85	72.15	66.10	53.90
1015	- 1023	136.95	73.30	67.20	55.05
1023	- 1031	138.10	74.40	68.30	56.15
1031	- 1039	139.20	75.50	69.45	57.25
1039	- 1047	140.30	76.65	70.55	58.40
1047	- 1055	141.45	77.75	71.65	59.50
1055	- 1063	142.55	78.90	72.80	60.60
1063	- 1071	143.65	80.00	73.90	61.75
1071	- 1079	144.80	81.10	75.05	62.85
1079	- 1087	145.90	82.25	76.15	64.00
1087	- 1095	147.05	83.35	77.25	65.10
1095	- 1103	148.15	84.45	78.40	66.20
1103	- 1111	149.25	85.60	79.50	67.35
1111	- 1119	150.40	86.70	80.60	68.45
1119	- 1127	151.50	87.80	81.75	69.55
1127	- 1135	152.60	88.95	82.85	70.70
1135	- 1143	153.75	90.05	83.95	71.80
1143	- 1151	154.85	91.15	85.10	72.90

Pay		CC 0	CC 1	CC 2	CC 3
From	Less than				
1151	- 1167	156.55	92.85	86.75	74.60
1167	- 1183	158.75	95.10	89.00	76.85
1183	- 1199	161.00	97.30	91.25	79.05
1199	- 1215	163.25	99.55	93.50	81.30
1215	- 1231	165.50	101.80	95.70	83.55
1231	- 1247	167.70	104.05	97.95	85.80
1247	- 1263	169.95	106.25	100.20	88.00
1263	- 1279	172.20	108.50	102.40	90.25
1279	- 1295	174.40	110.75	104.65	92.50
1295	- 1311	176.65	113.00	106.90	94.70
1311	- 1327	178.90	115.20	109.15	96.95
1327	- 1343	181.15	117.45	111.35	99.20
1343	- 1359	183.35	119.70	113.60	101.45
1359	- 1375	185.60	121.90	115.85	103.65
1375	- 1391	187.85	124.15	118.05	105.90
1391	- 1407	190.05	126.40	120.30	108.15
1407	- 1423	192.30	128.65	122.55	110.40
1423	- 1439	194.55	130.85	124.80	112.60
1439	- 1455	196.80	133.10	127.00	114.85
1455	- 1471	199.00	135.35	129.25	117.10
1471	- 1487	201.25	137.55	131.50	119.30
1487	- 1503	203.50	139.80	133.70	121.55
1503	- 1519	205.75	142.05	135.95	123.80
1519	- 1535	207.95	144.30	138.20	126.05
1535	- 1551	210.20	146.50	140.45	128.25
1551	- 1567	212.45	148.75	142.65	130.50
1567	- 1583	214.65	151.00	144.90	132.75
1583	- 1599	216.90	153.20	147.15	134.95
1599	- 1615	219.15	155.45	149.40	137.20
1615	- 1631	221.40	157.70	151.60	139.45
1631	- 1647	223.60	159.95	153.85	141.70
1647	- 1663	225.85	162.15	156.10	143.90
1663	- 1679	228.10	164.40	158.30	146.15
1679	- 1695	231.15	167.45	161.40	149.20
1695	- 1711	234.50	170.80	164.75	152.55
1711	- 1727	237.85	174.15	168.10	155.90
1727	- 1743	241.20	177.55	171.45	159.30
1743	- 1759	244.55	180.90	174.80	162.65
1759	- 1775	247.90	184.25	178.15	166.00
1775	- 1791	251.30	187.60	181.50	169.35
1791	- 1807	254.65	190.95	184.85	172.70
1807	- 1823	258.00	194.30	188.25	176.05
1823	- 1839	261.35	197.70	191.60	179.45
1839	- 1855	264.75	201.10	195.00	182.85
1855	- 1871	268.15	204.50	198.40	186.25
1871	- 1887	271.55	207.90	201.80	189.65
1887	- 1903	274.95	211.30	205.20	193.05
1903	- 1919	278.40	214.70	208.60	196.45
1919	- 1935	281.80	218.10	212.00	199.85
1935	- 1951	285.20	221.50	215.40	203.25
1951	- 1967	288.60	224.90	218.80	206.65
1967	- 1983	292.05	228.35	222.30	210.10
1983	- 1999	295.55	231.90	225.80	213.65
1999	- 2015	299.10	235.40	229.35	217.15
2015	- 2031	302.60	238.95	232.85	220.70



**Manitoba provincial tax deductions**  
**Effective January 1, 2013**  
**Biweekly (26 pay periods a year)**  
**Also look up the tax deductions in the federal table**

Pay		CC 0	CC 1	CC 2	CC 3
From	Less than				
576	- 584	59.10	22.20	18.65	11.65
584	- 592	59.90	23.00	19.45	12.45
592	- 600	60.70	23.80	20.25	13.25
600	- 608	61.50	24.60	21.10	14.05
608	- 616	62.30	25.40	21.90	14.85
616	- 624	63.10	26.20	22.70	15.65
624	- 632	63.90	27.00	23.50	16.45
632	- 640	64.70	27.80	24.30	17.25
640	- 648	65.50	28.60	25.10	18.05
648	- 656	66.35	29.40	25.90	18.90
656	- 664	67.15	30.25	26.70	19.70
664	- 672	67.95	31.05	27.50	20.50
672	- 680	68.75	31.85	28.30	21.30
680	- 688	69.55	32.65	29.15	22.10
688	- 696	70.35	33.45	29.95	22.90
696	- 704	71.15	34.25	30.75	23.70
704	- 712	71.95	35.05	31.55	24.50
712	- 720	72.75	35.85	32.35	25.30
720	- 728	73.55	36.65	33.15	26.10
728	- 736	74.40	37.45	33.95	26.95
736	- 744	75.20	38.30	34.75	27.75
744	- 752	76.00	39.10	35.55	28.55
752	- 760	76.80	39.90	36.35	29.35
760	- 768	77.60	40.70	37.20	30.15
768	- 776	78.40	41.50	38.00	30.95
776	- 784	79.20	42.30	38.80	31.75
784	- 792	80.00	43.10	39.60	32.55
792	- 800	80.80	43.90	40.40	33.35
800	- 808	81.60	44.70	41.20	34.15
808	- 816	82.45	45.50	42.00	34.95
816	- 824	83.25	46.35	42.80	35.80
824	- 832	84.05	47.15	43.60	36.60
832	- 840	84.85	47.95	44.40	37.40
840	- 848	85.65	48.75	45.25	38.20
848	- 856	86.45	49.55	46.05	39.00
856	- 864	87.25	50.35	46.85	39.80
864	- 872	88.05	51.15	47.65	40.60
872	- 880	88.85	51.95	48.45	41.40
880	- 888	89.65	52.75	49.25	42.20
888	- 896	90.50	53.55	50.05	43.00
896	- 904	91.30	54.40	50.85	43.85
904	- 912	92.10	55.20	51.65	44.65
912	- 920	92.90	56.00	52.45	45.45
920	- 928	93.70	56.80	53.30	46.25
928	- 936	94.50	57.60	54.10	47.05
936	- 944	95.30	58.40	54.90	47.85
944	- 952	96.10	59.20	55.70	48.65
952	- 960	96.90	60.00	56.50	49.45
960	- 968	97.70	60.80	57.30	50.25
968	- 976	98.55	61.60	58.10	51.05
976	- 984	99.35	62.45	58.90	51.90
984	- 992	100.15	63.25	59.70	52.70
992	- 1000	100.95	64.05	60.50	53.50
1000	- 1008	101.75	64.85	61.35	54.30
1008	- 1016	102.55	65.65	62.15	55.10

Pay		CC 0	CC 1	CC 2	CC 3
From	Less than				
1016	- 1032	103.75	66.85	63.35	56.30
1032	- 1048	105.35	68.45	64.95	57.90
1048	- 1064	107.00	70.10	66.55	59.55
1064	- 1080	108.60	71.70	68.15	61.15
1080	- 1096	110.20	73.30	69.80	62.75
1096	- 1112	111.80	74.90	71.40	64.35
1112	- 1128	113.40	76.50	73.00	65.95
1128	- 1144	115.05	78.15	74.60	67.60
1144	- 1160	116.65	79.75	76.20	69.20
1160	- 1176	118.25	81.35	77.85	70.80
1176	- 1192	119.85	82.95	79.45	72.40
1192	- 1208	121.60	84.70	81.20	74.15
1208	- 1224	123.50	86.60	83.10	76.05
1224	- 1240	125.45	88.55	85.00	78.00
1240	- 1256	127.35	90.45	86.95	79.90
1256	- 1272	129.30	92.40	88.85	81.85
1272	- 1288	131.20	94.30	90.80	83.75
1288	- 1304	133.15	96.25	92.70	85.70
1304	- 1320	135.05	98.15	94.65	87.60
1320	- 1336	136.95	100.05	96.55	89.50
1336	- 1352	138.90	102.00	98.50	91.45
1352	- 1368	140.80	103.90	100.40	93.35
1368	- 1384	142.75	105.85	102.30	95.30
1384	- 1400	144.65	107.75	104.25	97.20
1400	- 1416	146.60	109.70	106.15	99.15
1416	- 1432	148.50	111.60	108.10	101.05
1432	- 1448	150.45	113.55	110.00	103.00
1448	- 1464	152.35	115.45	111.95	104.90
1464	- 1480	154.25	117.35	113.85	106.80
1480	- 1496	156.20	119.30	115.80	108.75
1496	- 1512	158.10	121.20	117.70	110.65
1512	- 1528	160.05	123.15	119.60	112.60
1528	- 1544	161.95	125.05	121.55	114.50
1544	- 1560	163.90	127.00	123.45	116.45
1560	- 1576	165.80	128.90	125.40	118.35
1576	- 1592	167.75	130.80	127.30	120.25
1592	- 1608	169.65	132.75	129.25	122.20
1608	- 1624	171.55	134.65	131.15	124.10
1624	- 1640	173.50	136.60	133.05	126.05
1640	- 1656	175.40	138.50	135.00	127.95
1656	- 1672	177.35	140.45	136.90	129.90
1672	- 1688	179.25	142.35	138.85	131.80
1688	- 1704	181.20	144.30	140.75	133.75
1704	- 1720	183.10	146.20	142.70	135.65
1720	- 1736	185.00	148.10	144.60	137.55
1736	- 1752	186.95	150.05	146.55	139.50
1752	- 1768	188.85	151.95	148.45	141.40
1768	- 1784	190.80	153.90	150.35	143.35
1784	- 1800	192.70	155.80	152.30	145.25
1800	- 1816	194.65	157.75	154.20	147.20
1816	- 1832	196.55	159.65	156.15	149.10
1832	- 1848	198.50	161.60	158.10	151.05
1848	- 1864	200.45	163.55	160.05	153.00
1864	- 1880	202.40	165.50	162.00	154.95
1880	- 1896	204.40	167.45	163.95	156.90

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## Notes

## MODULE 8 SUMMARY

Congratulations on completing Module 8! You have now learned how to record the payroll for your employees, including calculating wages and salaries, and using the government tables to calculate deductions for CPP, EI, and income tax.

In Module 9, you will learn how to calculate adjustments, a necessary procedure for preparing accurate financial statements.



### Submitting Your Assignments

---

It is now time for you to submit Assignment 8.1 to the Distance Learning Unit so that you can receive some feedback on how you are doing in this course. Remember that you must submit all the assignments in this course before you can receive your credit.

Make sure you have completed all parts of your Module 8 assignment and organize your material in the following order:

- Module 8 Cover Sheet (found at the end of the course Introduction)
- Assignment 8.1
  - Excel File “Mod 8 A1”
    - Payroll Register
    - General Journal

For instructions on submitting your assignment, refer to How to Submit Assignments in the course introduction.

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## Notes



GRADE 11 ACCOUNTING  
ESSENTIALS (30S)

Module 8  
Payroll

Learning Activity Answer Key



# MODULE 8: PAYROLL

## Learning Activity 8.1

### 1. Blue Grass Lawn Care

- a) Noel Champlain is paid \$16 per hour and is paid every two weeks. Noel worked 46 hours during his most recent two-week period. What are his gross earnings for the pay period? Show your work.

*Answer:*

$$\$16 \times 40 \text{ hours} = \$640$$

- b) If Noel works four hours overtime on a given day, how much extra will he earn on that day? Show your work.

*Answer:*

$$\$16 \times 1.5 \times 4 \text{ hours} = \$96$$

### 2. Dr. Le Phang, Dentist

- a) Mackenzie St. Germaine makes \$42,000 a year. What are Mackenzie's gross earnings for one month? Show your work.

*Answer:*

$$\$42,000 \div 12 \text{ months} = \$3,500$$

- b) What are Mackenzie's gross earnings for one pay period (two weeks)? Show your work

*Answer:*

$$\$42,000 \div 26 \text{ pay periods} = \$1,615.38$$

## Learning Activity 8.2

### 1. Blue Grass Lawn Care

In the last two weeks Noel Champlain's gross earnings were \$720, while Reggie Park's gross earnings were \$640.

- a) Using the following Canada Pension Plan Contributions deduction table calculate how much CPP Noel Champlain and Reggie Park owe during this two-week pay period.

*Since Noel Champlain made \$720 during his two-week pay period, he owes \$28.98 in CPP contributions. Since Reggie Park made \$640 during his two-week pay period he owes \$25.02 in CPP contributions.*

- b) Using the following Employment Insurance Premiums deduction table calculate how much EI Noel Champlain and Reggie Park owe during this two-week pay period.

*Since Noel Champlain made \$720 during his two-week pay period, he owes \$13.54 in EI contributions. Since Reggie Park made \$640 during his two-week pay period, he owes \$12.03 in EI contributions.*

- c) Noel Champlain and Reggie Park are both members of a union and each pay \$35.00 in union dues every pay period. Noel also contributes \$25.00 to a Registered Retirement Plan every pay period, while Reggie chose to opt out of the program. What are Noel Champlain and Reggie Park's taxable earnings?

Noel Champlain:

$$720.00 - 35.00 - 25.00 = \$660.00 \text{ taxable earnings}$$

Reggie Park:

$$640.00 - 35.00 = \$605.00 \text{ taxable earnings}$$



- d) Using the following Federal and Manitoba Provincial Income Tax Deductions tables calculate how much income tax Noel Champlain and Reggie Park owe during this two-week pay period. They both use Claim Code 1 for their taxes.

Since Noel Champlain's taxable earnings are \$660 and uses CC1, he owes \$23.25 in Federal income taxes. Since Reggie Park's taxable earnings are \$605 and uses CC1, he owes \$15.45 in Federal income taxes.

Since Noel Champlain's taxable earnings are \$660 and uses CC1, he owes \$30.25 in Provincial income taxes. Since Reggie Park's taxable earnings are \$605 and uses CC1, he owes \$24.60 in Provincial income taxes.

Noel Champlain's total income tax deductions for this pay period are:

$$23.25 + 30.25 = \$53.50$$

Reggie Park's total income tax deductions for this pay period are:

$$15.45 + 24.60 = \$40.05$$

- e) Using the information from all of the previous questions, what are Noel Champlain and Reggie Park's net earnings for this two-week pay period?

Noel Champlain:

Gross Earnings	–	Non-taxable Deductions	=	Taxable Earnings
\$720.00	–	35.00 – 25.00	=	\$660.00
Taxable Earnings	–	Taxable Deductions	=	Net Earnings
\$660.00	–	28.98 – 13.54 – 53.50	=	\$563.98

Reggie Park:

Gross Earnings	–	Non-taxable Deductions	=	Taxable Earnings
\$640.00	–	35.00	=	\$605.00
Taxable Earnings	–	Taxable Deductions	=	Net Earnings
\$605.00	–	25.02 – 12.03 – 40.05	=	\$527.90

## 2. Dr. Le Phang, Dentist

In the last two weeks Mackenzie St. Germaine's gross earnings were \$1,625, Roy Dutka's gross earnings were \$1,575, while Sakura Takahashi's gross earnings were \$1,800.

- a) Using the following Canada Pension Plan Contributions deduction table calculate how much CPP each employee owes during this two-week pay period.

*Since Mackenzie St. Germaine made \$1,625 during her two-week pay period, she owes \$73.77 in CPP contributions.*

*Since Roy Dutka made \$1,575 during his two-week pay period, he owes \$71.30 in CPP contributions.*

*Since Sakura Takahashi made \$1,800 during her two-week pay period, she owes \$82.44 in CPP contributions.*

- b) Using the following Employment Insurance Premiums deduction table calculate how much EI Mackenzie St. Germaine owes during this two-week pay period.

*Since Mackenzie St. Germaine's made \$1,625 during her two-week pay period, she owes \$30.55 in EI contributions.*

*Since Roy Dutka made \$1,575 during his two-week pay period, he owes \$29.61 in EI contributions.*

*Since Sakura Takahashi made \$1,800 during her two-week pay period, she owes \$33.84 in EI contributions.*

- c) All three employees contribute \$85.00 to a Registered Retirement Plan every pay period. What are the taxable earnings for each employee?

*Mackenzie St. Germaine:*

$$1,625.00 - 85.00 = \$1,540.00 \text{ taxable earnings}$$

*Roy Dutka:*

$$1,575.00 - 85.00 = \$1,490.00 \text{ taxable earnings}$$

*Sakura Takahashi:*

$$1,800.00 - 85.00 = \$1,715.00 \text{ taxable earnings}$$

- d) Using the following Federal and Manitoba Provincial Income Tax Deductions tables calculate how much income tax each employee owes during this two-week pay period. All employees use Claim Code 1 for their taxes.

Since Mackenzie St. Germaine's taxable earnings are \$1,540.00 and uses CC1, she owes \$146.50 in Federal income taxes.

Since Roy Dutka's taxable earnings are \$1,490.00 and uses CC1, he owes \$139.80 in Federal income taxes.

Since Sakura Takahashi's taxable earnings are \$1,715.00 and uses CC1, she owes \$174.15 in Federal income taxes.

Since Mackenzie St. Germaine's taxable earnings are \$1,540.00 and uses CC1, she owes \$125.05 in Provincial income taxes.

Since Roy Dutka's taxable earnings are \$1,490.00 and uses CC1, he owes \$119.30 in Provincial income taxes.

Since Sakura Takahashi's taxable earnings are \$1,715.00 and uses CC1, she owes \$146.20 in Provincial income taxes.

Mackenzie St. Germaine's income tax deductions for this pay period are

$$146.50 + 125.05 = \$271.55$$

Roy Dutka's income tax deductions for this pay period are

$$139.80 + 119.30 = \$259.10$$

Sakura Takahashi's income tax deductions for this pay period are

$$174.15 + 146.20 = \$320.35$$

- e) Using the information from all of the previous questions, what are the net earnings for this two-week pay period for each employee?

Mackenzie St. Germaine

<i>Gross Earnings</i>	–	<i>Non-taxable Deductions</i>	=	<i>Taxable Earnings</i>
\$1,625.00	–	85.00	=	\$1,540.00
<i>Taxable Earnings</i>	–	<i>Taxable Deductions</i>	=	<i>Net Earnings</i>
\$1,540.00	–	73.77 – 30.55 – 271.55	=	\$1,164.13

Roy Dutka:

<i>Gross Earnings</i>	–	<i>Non-taxable Deductions</i>	=	<i>Taxable Earnings</i>
\$1,575.00	–	85.00	=	\$1,490.00
<i>Taxable Earnings</i>	–	<i>Taxable Deductions</i>	=	<i>Net Earnings</i>
\$1,490.00	–	71.30 – 29.61 – 259.10	=	\$1,129.99

Sakura Takahashi:

<i>Gross Earnings</i>	–	<i>Non-taxable Deductions</i>	=	<i>Taxable Earnings</i>
\$1,800.00	–	85.00	=	\$1,715.00
<i>Taxable Earnings</i>	–	<i>Taxable Deductions</i>	=	<i>Net Earnings</i>
\$1,715.00	–	82.44 – 33.84 – 320.35	=	\$1,278.37

## Learning Activity 8.3

### 1. **Blue Grass Lawn Care**

- a) Open the file called "Mod 8 LA 8.3 BGLC."
- b) Enter the information from Learning Activity 8.2, Question 1 into the Payroll Register, for the period ending August 15.

### 2. **Dr. Le Phang, Dentist**

- a) Open the file called "Mod 8 LA 8.3 DLPD."
- b) Enter the information from Learning Activity 8.2, Question 2 into the Payroll Register, for the period ending February 15.



## Learning Activity 8.4

### 1. Blue Grass Lawn Care

- a) Open the file called "Mod 8 LA 8.4 BGLC."
- b) Using the information from Learning Activity 8.3, Question 1, journalize the payroll register for the two-week pay period for Blue Grass Lawn Care for August 15, 20XX, starting on page 53. Make sure to include the following journal entries.
  - i) The salaries expense and payroll liabilities.
  - ii) The payment to employees. Use Cheques #175 and #176.
  - iii) The employer's payroll expenses.
  - iv) The payment of payroll liabilities. Use Cheque #177.

Answer: General Journal

GENERAL JOURNAL			Page	53	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Aug	14	Wages Expense		1,360.00	
		CPP Payable			54.00
		EI Payable			25.57
		RPP Payable			25.00
		Union Dues Payable			70.00
		Federal Income Tax Payable			38.70
		Manitoba Provincial Income Tax Payable			54.85
		Wages Payable			1,091.88
		Payroll for two weeks			
	15	Wages Payable		1,091.88	
		Cash			1,091.88
		Cheques #175 and #176			
	15	CPP Expense		54.00	
		CPP Payable			54.00
		To record the employer's contributions to CPP			
	15	EI Expense		35.80	
		EI Payable			35.80
		To record the employer's contributions to EI			
Sep	15	CPP Payable		108.00	
		EI Payable		61.37	
		RPP Payable		25.00	
		Union Dues Payable		70.00	
		Federal Income Tax Payable		38.70	
		Manitoba Provincial Income Tax Payable		54.85	
		Cash			357.92
		To record the payment of payroll deductions—Cheque #177			



**2. Dr. Le Phang, Dentist**

- a) Open the file called "Mod 8 LA 8.4 BGLC."
- b) Using the information from Learning Activity 8.3, Question 2, journalize the payroll register for the two-week pay period for Dr. Le Phang, Dentist for February 15, 20XX, starting on page 60. Make sure to include the following journal entries.
  - i) The salaries expense and payroll liabilities.
  - ii) The payment to employees. Use Cheques #203, #204, and #205.
  - iii) The employer's payroll expenses.
  - iv) The payment of payroll liabilities. Use Cheque #206.

Answer: General Journal

GENERAL JOURNAL			Page	60	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Feb	15	Salaries Expense		5,000.00	
		CPP Payable			227.51
		EI Payable			94.00
		RPP Payable			255.00
		Federal Income Tax Payable			460.45
		Manitoba Provincial Income Tax Payable			390.55
		Salaries Payable			3,572.49
		Payroll for two weeks			
	15	Salaries Payable		3,572.49	
		Cash			3,572.49
		Cheques #203, #204, and #205			
	15	CPP Expense		227.51	
		CPP Payable			227.51
		To record the employer's contributions to CPP			
	15	EI Expense		131.60	
		EI Payable			131.60
		To record the employer's contributions to EI			
Mar	15	CPP Payable		455.02	
		EI Payable		225.60	
		RPP Payable		255.00	
		Federal Income Tax Payable		460.45	
		Manitoba Provincial Income Tax Payable		390.55	
		Cash			1,786.62
		To record the payment of payroll deductions—Cheque #206			

## MODULE 8 SUMMARY

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GRADE 11 ACCOUNTING  
ESSENTIALS (30S)

Module 8  
Payroll

Learning Activity Answer Key



# MODULE 8: PAYROLL

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*Answer:*

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- b) If Noel works four hours overtime on a given day, how much extra will he earn on that day? Show your work.

*Answer:*

$$\$16 \times 1.5 \times 4 \text{ hours} = \$96$$

### 2. Dr. Le Phang, Dentist

- a) Mackenzie St. Germaine makes \$42,000 a year. What are Mackenzie's gross earnings for one month? Show your work.

*Answer:*

$$\$42,000 \div 12 \text{ months} = \$3,500$$

- b) What are Mackenzie's gross earnings for one pay period (two weeks)? Show your work

*Answer:*

$$\$42,000 \div 26 \text{ pay periods} = \$1,615.38$$

## Learning Activity 8.2

### 1. Blue Grass Lawn Care

In the last two weeks Noel Champlain's gross earnings were \$720, while Reggie Park's gross earnings were \$640.

- a) Using the following Canada Pension Plan Contributions deduction table calculate how much CPP Noel Champlain and Reggie Park owe during this two-week pay period.

*Since Noel Champlain made \$720 during his two-week pay period, he owes \$28.98 in CPP contributions. Since Reggie Park made \$640 during his two-week pay period he owes \$25.02 in CPP contributions.*

- b) Using the following Employment Insurance Premiums deduction table calculate how much EI Noel Champlain and Reggie Park owe during this two-week pay period.

*Since Noel Champlain made \$720 during his two-week pay period, he owes \$13.54 in EI contributions. Since Reggie Park made \$640 during his two-week pay period, he owes \$12.03 in EI contributions.*

- c) Noel Champlain and Reggie Park are both members of a union and each pay \$35.00 in union dues every pay period. Noel also contributes \$25.00 to a Registered Retirement Plan every pay period, while Reggie chose to opt out of the program. What are Noel Champlain and Reggie Park's taxable earnings?

Noel Champlain:

$$720.00 - 35.00 - 25.00 = \$660.00 \text{ taxable earnings}$$

Reggie Park:

$$640.00 - 35.00 = \$605.00 \text{ taxable earnings}$$



- d) Using the following Federal and Manitoba Provincial Income Tax Deductions tables calculate how much income tax Noel Champlain and Reggie Park owe during this two-week pay period. They both use Claim Code 1 for their taxes.

Since Noel Champlain's taxable earnings are \$660 and uses CC1, he owes \$23.25 in Federal income taxes. Since Reggie Park's taxable earnings are \$605 and uses CC1, he owes \$15.45 in Federal income taxes.

Since Noel Champlain's taxable earnings are \$660 and uses CC1, he owes \$30.25 in Provincial income taxes. Since Reggie Park's taxable earnings are \$605 and uses CC1, he owes \$24.60 in Provincial income taxes.

Noel Champlain's total income tax deductions for this pay period are:

$$23.25 + 30.25 = \$53.50$$

Reggie Park's total income tax deductions for this pay period are:

$$15.45 + 24.60 = \$40.05$$

- e) Using the information from all of the previous questions, what are Noel Champlain and Reggie Park's net earnings for this two-week pay period?

Noel Champlain:

Gross Earnings	–	Non-taxable Deductions	=	Taxable Earnings
\$720.00	–	35.00 – 25.00	=	\$660.00
Taxable Earnings	–	Taxable Deductions	=	Net Earnings
\$660.00	–	28.98 – 13.54 – 53.50	=	\$563.98

Reggie Park:

Gross Earnings	–	Non-taxable Deductions	=	Taxable Earnings
\$640.00	–	35.00	=	\$605.00
Taxable Earnings	–	Taxable Deductions	=	Net Earnings
\$605.00	–	25.02 – 12.03 – 40.05	=	\$527.90

## 2. Dr. Le Phang, Dentist

In the last two weeks Mackenzie St. Germaine's gross earnings were \$1,625, Roy Dutka's gross earnings were \$1,575, while Sakura Takahashi's gross earnings were \$1,800.

- a) Using the following Canada Pension Plan Contributions deduction table calculate how much CPP each employee owes during this two-week pay period.

*Since Mackenzie St. Germaine made \$1,625 during her two-week pay period, she owes \$73.77 in CPP contributions.*

*Since Roy Dutka made \$1,575 during his two-week pay period, he owes \$71.30 in CPP contributions.*

*Since Sakura Takahashi made \$1,800 during her two-week pay period, she owes \$82.44 in CPP contributions.*

- b) Using the following Employment Insurance Premiums deduction table calculate how much EI Mackenzie St. Germaine owes during this two-week pay period.

*Since Mackenzie St. Germaine's made \$1,625 during her two-week pay period, she owes \$30.55 in EI contributions.*

*Since Roy Dutka made \$1,575 during his two-week pay period, he owes \$29.61 in EI contributions.*

*Since Sakura Takahashi made \$1,800 during her two-week pay period, she owes \$33.84 in EI contributions.*

- c) All three employees contribute \$85.00 to a Registered Retirement Plan every pay period. What are the taxable earnings for each employee?

*Mackenzie St. Germaine:*

$$1,625.00 - 85.00 = \$1,540.00 \text{ taxable earnings}$$

*Roy Dutka:*

$$1,575.00 - 85.00 = \$1,490.00 \text{ taxable earnings}$$

*Sakura Takahashi:*

$$1,800.00 - 85.00 = \$1,715.00 \text{ taxable earnings}$$

- d) Using the following Federal and Manitoba Provincial Income Tax Deductions tables calculate how much income tax each employee owes during this two-week pay period. All employees use Claim Code 1 for their taxes.

Since Mackenzie St. Germaine's taxable earnings are \$1,540.00 and uses CC1, she owes \$146.50 in Federal income taxes.

Since Roy Dutka's taxable earnings are \$1,490.00 and uses CC1, he owes \$139.80 in Federal income taxes.

Since Sakura Takahashi's taxable earnings are \$1,715.00 and uses CC1, she owes \$174.15 in Federal income taxes.

Since Mackenzie St. Germaine's taxable earnings are \$1,540.00 and uses CC1, she owes \$125.05 in Provincial income taxes.

Since Roy Dutka's taxable earnings are \$1,490.00 and uses CC1, he owes \$119.30 in Provincial income taxes.

Since Sakura Takahashi's taxable earnings are \$1,715.00 and uses CC1, she owes \$146.20 in Provincial income taxes.

Mackenzie St. Germaine's income tax deductions for this pay period are

$$146.50 + 125.05 = \$271.55$$

Roy Dutka's income tax deductions for this pay period are

$$139.80 + 119.30 = \$259.10$$

Sakura Takahashi's income tax deductions for this pay period are

$$174.15 + 146.20 = \$320.35$$

- e) Using the information from all of the previous questions, what are the net earnings for this two-week pay period for each employee?

Mackenzie St. Germaine

<i>Gross Earnings</i>	–	<i>Non-taxable Deductions</i>	=	<i>Taxable Earnings</i>
\$1,625.00	–	85.00	=	\$1,540.00
<i>Taxable Earnings</i>	–	<i>Taxable Deductions</i>	=	<i>Net Earnings</i>
\$1,540.00	–	73.77 – 30.55 – 271.55	=	\$1,164.13

Roy Dutka:

<i>Gross Earnings</i>	–	<i>Non-taxable Deductions</i>	=	<i>Taxable Earnings</i>
\$1,575.00	–	85.00	=	\$1,490.00
<i>Taxable Earnings</i>	–	<i>Taxable Deductions</i>	=	<i>Net Earnings</i>
\$1,490.00	–	71.30 – 29.61 – 259.10	=	\$1,129.99

Sakura Takahashi:

<i>Gross Earnings</i>	–	<i>Non-taxable Deductions</i>	=	<i>Taxable Earnings</i>
\$1,800.00	–	85.00	=	\$1,715.00
<i>Taxable Earnings</i>	–	<i>Taxable Deductions</i>	=	<i>Net Earnings</i>
\$1,715.00	–	82.44 – 33.84 – 320.35	=	\$1,278.37

## Learning Activity 8.3

### 1. **Blue Grass Lawn Care**

- a) Open the file called "Mod 8 LA 8.3 BGLC."
- b) Enter the information from Learning Activity 8.2, Question 1 into the Payroll Register, for the period ending August 15.

### 2. **Dr. Le Phang, Dentist**

- a) Open the file called "Mod 8 LA 8.3 DLPD."
- b) Enter the information from Learning Activity 8.2, Question 2 into the Payroll Register, for the period ending February 15.



## Learning Activity 8.4

### 1. Blue Grass Lawn Care

- a) Open the file called "Mod 8 LA 8.4 BGLC."
- b) Using the information from Learning Activity 8.3, Question 1, journalize the payroll register for the two-week pay period for Blue Grass Lawn Care for August 15, 20XX, starting on page 53. Make sure to include the following journal entries.
  - i) The salaries expense and payroll liabilities.
  - ii) The payment to employees. Use Cheques #175 and #176.
  - iii) The employer's payroll expenses.
  - iv) The payment of payroll liabilities. Use Cheque #177.

Answer: General Journal

GENERAL JOURNAL			Page	53	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Aug	14	Wages Expense		1,360.00	
		CPP Payable			54.00
		EI Payable			25.57
		RPP Payable			25.00
		Union Dues Payable			70.00
		Federal Income Tax Payable			38.70
		Manitoba Provincial Income Tax Payable			54.85
		Wages Payable			1,091.88
		Payroll for two weeks			
	15	Wages Payable		1,091.88	
		Cash			1,091.88
		Cheques #175 and #176			
	15	CPP Expense		54.00	
		CPP Payable			54.00
		To record the employer's contributions to CPP			
	15	EI Expense		35.80	
		EI Payable			35.80
		To record the employer's contributions to EI			
Sep	15	CPP Payable		108.00	
		EI Payable		61.37	
		RPP Payable		25.00	
		Union Dues Payable		70.00	
		Federal Income Tax Payable		38.70	
		Manitoba Provincial Income Tax Payable		54.85	
		Cash			357.92
		To record the payment of payroll deductions—Cheque #177			



**2. Dr. Le Phang, Dentist**

- a) Open the file called "Mod 8 LA 8.4 BGLC."
- b) Using the information from Learning Activity 8.3, Question 2, journalize the payroll register for the two-week pay period for Dr. Le Phang, Dentist for February 15, 20XX, starting on page 60. Make sure to include the following journal entries.
  - i) The salaries expense and payroll liabilities.
  - ii) The payment to employees. Use Cheques #203, #204, and #205.
  - iii) The employer's payroll expenses.
  - iv) The payment of payroll liabilities. Use Cheque #206.

Answer: General Journal

GENERAL JOURNAL			Page	60	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Feb	15	Salaries Expense		5,000.00	
		CPP Payable			227.51
		EI Payable			94.00
		RPP Payable			255.00
		Federal Income Tax Payable			460.45
		Manitoba Provincial Income Tax Payable			390.55
		Salaries Payable			3,572.49
		Payroll for two weeks			
	15	Salaries Payable		3,572.49	
		Cash			3,572.49
		Cheques #203, #204, and #205			
	15	CPP Expense		227.51	
		CPP Payable			227.51
		To record the employer's contributions to CPP			
	15	EI Expense		131.60	
		EI Payable			131.60
		To record the employer's contributions to EI			
Mar	15	CPP Payable		455.02	
		EI Payable		225.60	
		RPP Payable		255.00	
		Federal Income Tax Payable		460.45	
		Manitoba Provincial Income Tax Payable		390.55	
		Cash			1,786.62
		To record the payment of payroll deductions—Cheque #206			

## **Supporting Videos for Grade 11 Accounting**

### Module 8

1. [Video - Payroll Journal Entries](#)
2. [Payroll Part 1](#)



GRADE 11 ACCOUNTING  
ESSENTIALS (30S)

Module 9  
Recording Adjustments



# MODULE 9: RECORDING ADJUSTMENTS

## Introduction

This module introduces an important step of accounting known as adjustments. It is important for businesses to ensure that financial statements are prepared accurately. In order to do so, adjusting entries is a necessary step.

In this module, you will learn how to calculate and record adjustments for prepaid expenses and for depreciation. In addition, you will expand the six-column worksheet into an eight-column worksheet.

There are learning activities at the end of each lesson. The learning activities will help you prepare for the assignment. Remember, every module builds on the last, so it is important that you understand the concepts before moving on.

## Assignments in Module 9

When you have completed the assignment for Module 9, submit your completed assignment to the Distance Learning Unit either by mail or electronically through the learning management system (LMS). The staff will forward your work to your tutor/marker.

Lesson	Assignment	Marks
4	Assignment 9.1	40

## Writing Your Final Examination



You will write the final examination when you have completed Module 9 of this course. The final examination is based on Modules 1 to 9, and is worth 25 percent of your final mark in the course. To do well on the final examination, you should review all the work you complete in Modules 1 to 9, including all the learning activities and assignments. You will write the final examination under supervision.

# LESSON 1: ADJUSTING SUPPLIES AND PREPAID EXPENSES

## Lesson Focus

By the end of this lesson, you should be able to

- explain the purpose of adjusting entries
- calculate basic adjusting entries
- journalize adjusting entries

## Introduction

To comply with the Matching Principle discussed in Module 3 (where all revenue recorded for a particular accounting period must be matched with the expenses of the same accounting period), adjusting entries must be made so that financial statements are accurate.

In this lesson, you will learn how to adjust supplies and prepaid expenses.

## What Are Adjustments?



**Adjustments** are journal entries that are made in order to bring accounts up to date, before preparing financial statements. Adjusting entries are necessary because the accounts are allowed to become inaccurate between statement dates. How is this possible?

You will now look at an example that you can personally relate to. When you start school in September, you will likely purchase school supplies including pens, pencils, erasers, markers, notebooks, paper, and so on. By the time the school year ends in June, do you still have all of the supplies you started with in September? It is unlikely.

Suppose that you purchased 10 pens, 10 pencils, 5 erasers, 2 sets of markers, 5 notebooks, and 500 sheets of paper for a total of \$50. If you were a business entity, you would likely record these items in the Office Supplies account (an asset account).



At the end of June, you might only have 2 pens, 4 pencils, 1 eraser, and one notebook for a total of \$15 remaining. Based on these numbers, what is the value of the school supplies that you used up?

September supplies of \$50 **minus** June supplies of \$15  
= used up amount of \$35

This means that this \$35 is no longer an asset and needs to be reflected as an expense; therefore, an adjusting entry is required.

## Adjusting the Supplies Account

You will now take a look at adjusting the Supplies account for Strong Arm Fitness, for the **month of June**.

On June 1, Strong Arm Fitness purchased \$500 of supplies and paid for them in cash. Just like you have previously learned, this transaction is recorded as follows:

Jun	1	Supplies		500.00	
		Cash			500.00

Now, assume it is June 30 (month-end) and time to record the necessary adjustment.

When you take a look at your supplies on hand (how many supplies you have left), you determine that you have \$200 of supplies on-hand; therefore, how much did you actually use up?

Beginning amount of supplies of \$500 **minus** supplies on hand of \$200  
= used up amount of \$300

This means that currently, according to the books, the Supplies account for Strong Arm is inaccurate. To fix this, you will complete an adjusting entry by moving the \$300 of supplies from the Supplies account to the Supplies Expense account.

The transaction will look like the following:

Jun	30	Supplies Expense		300.00	
		Supplies			300.00
		\$500-\$200			



Note that, for the explanation, you will need to include the calculation used to determine the adjustment amount.

## Prepaid Expenses



A **prepaid expense** is an item paid for in advance. A business will often pay for items such as rent, three to six months in advance or insurance, six to twelve months in advance.

When items like rent or insurance are paid for in advance, they are recorded in their own prepaid account (e.g., Prepaid Rent, Prepaid Insurance). Items paid for in advance are considered to be current assets.

As these items get used up, the prepaid accounts become inaccurate. As a result, you need to determine the amount used up and transfer that amount into its corresponding expense account.

### Prepaid Rent Example

On June 1, Strong Arm Fitness paid for three months of rent in advance totaling \$4,500.

Jun	1	Prepaid Rent		4,500.00	
		Cash			4,500.00
		Three months of rent			

It is now June 30, how much of the rent has been used up? Obviously, one month of rent has been used up. The original entry was for three months of rent, so you need to determine the amount for one month of rent.

Prepaid Rent amount of  $\$4,500 / 3 \text{ months} = \$1,500$  of rent per month

You now record the adjustment by taking the \$1,500 from the Prepaid Rent account and moving it to the Rent Expense account.

Jun	30	Rent Expense		1,500.00	
		Prepaid Rent			1,500.00
		\$4,500/3 months			

### Prepaid Insurance Example

On June 1, Strong Arm Fitness paid for a six-month insurance policy totaling \$6,000.

Jun	1	Prepaid Insurance		6,000.00	
		Cash			6,000.00
		Six month policy			

It is now June 30, how much of the insurance policy has been used up? Just like the rent, one month of the insurance policy has been used up. The original entry was for a six-month insurance policy, so you need to determine the cost of the policy for one month.

Insurance amount of  $\$6,000/6$  months = \$1,000 of insurance per month

You now record the adjustment by taking the \$1,000 from the Prepaid Insurance account and moving it to the Insurance Expense account.

Jun	30	Insurance Expense		1,000.00	
		Prepaid Insurance			1,000.00
		\$6,000/6 months			

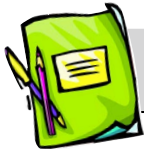
## Posting Adjusting Entries

All journal entries must be posted to the General Ledger. Posting is done in the same way you learned in Module 4. To save time, you will not be posting in this module.

## Importance of Adjusting Entries

Adjustments update all required accounts, including revenue and expenses for a specific period of time. If the accountant did not make these adjustments, then the

- revenue and expenses would not match, thus breaking the Matching Principle standard
- expenses and/or revenue would either be overstated or understated
- owner's capital would not be accurate
- asset section of the balance sheet would not be accurate



### Learning Activity 9.1

#### 1. Blue Grass Lawn Care

- a) Open the file called "Mod 9 LA 9.1 BGLC."
- b) Journalize the following transactions on October 1 (starting on page 85 of the journal).
  - i) Purchased supplies for \$300; paid with cash.
  - ii) Paid \$2,400 for six months of rent to store excess equipment.
  - iii) Paid \$600 on a six-month insurance policy for storing the equipment.
- c) Journalize the following adjusting entries for **the month** of October.
  - i) On October 31, \$50 of supplies is on-hand. Adjust the Supplies account.
  - ii) Adjust rent.
  - iii) Adjust insurance.

*continued*

## Learning Activity 9.1 (continued)

### 2. Dr. Le Phang, Dentist

- a) Open the file called “Mod 9 LA 9.1 DLDP.”
  - b) Journalize the following transactions on April 1 (starting on page 82 of the journal).
    - i) Purchased dental supplies for \$800 with cash.
    - ii) Paid \$3,600 for three months of rent.
    - iii) Paid \$1,800 for a twelve-month insurance policy.
  - c) Journalize the following adjusting entries for the month of April.
    - i) On April 30, \$150 of dental supplies is on-hand. Adjust the Dental Supplies account.
    - ii) Adjust rent.
    - iii) Adjust insurance.
- 

## End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 9 Learning Activity Answer Key to ensure that your answers are correct.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next lesson builds on the outcomes you just finished.

## LESSON 2: DEPRECIATION

### Lesson Focus

By the end of this lesson, you should be able to

- define depreciation
- use two methods to calculate depreciation
- journalize adjusting entries for depreciation

### Introduction

Suppose you purchased a brand new vehicle today for \$70,000. Will it still be worth \$70,000 a year from now? As nice as that would be, you all know that the vehicle will lose value.

In this lesson you will learn how to record adjusting entries that show an asset's loss of value over time.

### Depreciation



Even though assets lose value, they do not lose all of their value at once. The division of the initial cost of an asset over a period of time is called **depreciation**. Amortization is another word often used in place of depreciation, but for the purpose of this course, you will use the term depreciation.

### Recording Depreciation

You will now work through an example.

On June 1, Strong Arm Fitness purchased \$3,000 worth of Equipment and paid in cash.

Jun	1	Equipment		3,000.00	
		Cash			3,000.00

It is now June 30, and the equipment has depreciated (dropped in value) by \$300.

To record the adjusting entry for depreciation, you will need two accounts: Depreciation Expense and Accumulated Depreciation. The **Depreciation Expense** account records the current loss of the Equipment while **Accumulated Depreciation** keeps track of the total value an item has depreciated over time.

Jun	30	Depreciation Expense—Equipment		300.00	
		Accumulated Depreciation—Equipment			300.00

### Accumulated Depreciation Account

Accumulated Depreciation Equipment is a contra account to the Equipment account. Even though it is an Asset, it has a normal credit balance instead of a debit balance. This contra account is used to keep track of how much the equipment has depreciated over time.

So what does this mean? If you were looking at a partial balance sheet, it would look as follows:

Fixed Assets			
Equipment	\$	3,000	
Less: Accumulated Depreciation		<u>300</u>	2,700
Building			150,000
Land			<u>100,000</u>
Total Fixed Assets	\$		252,700

According to the Cost Principle, you must record the purchase of an asset at the cost acquired; therefore, even when the asset is depreciating in value, you still must show the initial cost of the item.

In this case, Equipment will always show up on the balance sheet as \$3,000 as long as Strong Arm Fitness owns it. Having said that, the Equipment is no longer worth \$3,000 and you need to show that too. You do so by recording the depreciation amount in the Accumulated Depreciation account. Looking at the previous partial balance sheet, it is clear that the Equipment was purchased for \$3,000, that it has already dropped in value (depreciated) by \$300, and that it is now worth \$2,700.

## Calculating Depreciation

Depreciation is calculated using a variety of methods. You are going to use two different methods for calculating depreciation: Straight Line Method and Declining Balance Method.

### Straight-Line Method

When you use the Straight-Line Method, the same amount of depreciation is recorded at the end of each period.

Suppose that Strong Arm Fitness purchased \$5,000 of Furniture on June 1. Strong Arm Fitness is expecting to use this furniture for five years. How much will the furniture depreciate in value every month?

The formula to calculate the depreciation is as follows:

$$\$5,000.00/5 \text{ years} = \$1,000.00 \text{ per year}$$

$$\$1,000.00/12 \text{ months} = \$83.33 \text{ per month}$$

The following demonstrates what the journal entry to record one month's depreciation would look like.

Jun	30	Depreciation Expense—Furniture		83.33	
		Accumulated Depreciation—Furniture			83.33
		\$5,000/5 years/12 months			

Again, make sure to include all calculations in the explanation line. **All calculations must be rounded to two decimal places.**

You will now look at the same example with a bit of a twist. This time, instead of the furniture being worth nothing after five years, assume that Strong Arm can sell the furniture for \$1,000. This \$1,000 is known as the **salvage value** (how much the item can be sold for at the end of a designated period of time). How does this change how you would calculate the depreciation? You need to first subtract the salvage value from the initial cost.

$$\text{Initial cost of } \$5,000.00 - \text{salvage value of } \$1,000.00 = \$4,000.00$$

$$\$4,000.00/5 \text{ years} = \$800.00 \text{ per year}$$

$$\$800.00/12 \text{ months} = \$66.67 \text{ per month}$$

Jun	30	Depreciation Expense—Furniture		66.67	
		Accumulated Depreciation—Furniture			66.67
		(\$5,000-\$1,000)/5 years/12 months			



## Declining-Balance Method

Items don't necessarily depreciate by the same amount every period. If you look at the life of a vehicle, when does it lose most of its value? As you might know, as soon as you drive that car off the dealer lot, it depreciates in value and will likely continue to depreciate fairly quickly over the first couple of years. After that, the vehicle will likely hold its value a bit more and not depreciate as fast. For this reason, some accountants prefer to use the Declining-Balance Method to calculate depreciation.

Look at the following example. Strong Arm Fitness purchased \$5,000 of Furniture on June 1. Strong Arm Fitness has estimated that the equipment will drop in value at a rate of 20% per year. How much will the furniture depreciate every month?



When using this method, you will need to subtract the accumulated depreciation (how much the item has depreciated to date) before each new calculation.

### Month 1

Beginning value	\$5,000.00
minus accumulated depreciation	0
	<hr/>
	\$5,000.00
Multiply by the rate of 20% ( $\$5,000.00 \times 0.2$ ) to determine amount per year	\$1,000.00
Divide by 12 months ( $\$1,000.00/12$ ) to determine amount per month	<b>\$83.33</b>

### Month 2

Beginning value	\$5,000.00
minus accumulated depreciation	83.33
	<hr/>
	\$4,916.67
Multiply by the rate of 20% ( $\$4,916.67 \times 0.2$ ) to determine amount per year	\$983.33
Divide by 12 months ( $\$983.33/12$ ) to determine amount per month	<b>\$81.94</b>

### Month 3

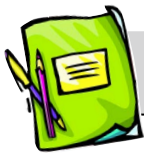
Beginning value	\$5,000.00
minus accumulated depreciation ( $\$83.33 + \$81.94$ )	165.27
	<hr/>
	\$4,834.73
Multiply by the rate of 20% ( $\$4,834.73 \times 0.2$ ) to determine amount per year	\$966.95
Divide by 12 months ( $\$966.95/12$ ) to determine amount per month	<b>\$80.58</b>

As the name Declining-Balance implies, the amount of depreciation decreases after each period. Here are the depreciation transactions for June, July, and August.

Jun	30	Depreciation Expense—Furniture	83.33	
		Accumulated Depreciation—Furniture		83.33
		$(\$5,000 - \$0) / 5 \text{ years} / 12 \text{ months}$		
Jul	31	Depreciation Expense—Furniture	81.94	
		Accumulated Depreciation—Furniture		81.94
		$(\$5,000 - \$83.33) / 5 \text{ years} / 12 \text{ months}$		
Aug	31	Depreciation Expense—Furniture	80.58	
		Accumulated Depreciation—Furniture		80.58
		$(\$5,000 - \$83.33 - 81.94) / 5 \text{ years} / 12 \text{ months}$		



**Note:** No salvage value is given when using the declining-balance method. Salvage value is automatically determined at the end of the asset's useful life.



## Learning Activity 9.2

### 1. Blue Grass Lawn Care

- a) Open the file called "Mod 9 LA 9.2 BGLC."
- b) Journalize the following adjusting entries for the month of October (starting on page 87 of the journal).
  - i) \$6,500 worth of equipment was purchased on October 1, and is expected to last for seven years. Using the straight line method of depreciation, determine the amount of depreciation for the month of October.
  - ii) \$4,000 worth of furniture was purchased on October 1, and is expected to last for seven years. After the seven years, the furniture will be worth \$500. Using the straight line method of depreciation, determine the amount of depreciation for the month of October.
  - iii) A vehicle was purchased for \$50,000 on October 1. The vehicle is expected to depreciate at a rate of 30%. Record the adjusting entry for the months of October, November, and December (you will have three journal entries in total).

*continued*

## Learning Activity 9.2 (continued)

### 2. Dr. Le Phang, Dentist

- a) Open the file called “Mod 9 LA 9.2 DLPD.”
  - b) Journalize the following adjusting entries for the month of April (starting on page 83 of the journal).
    - i) \$4,000 worth of furniture was purchased on April 1, and is expected to last for seven years. After the seven years, the furniture will be worth \$500. Using the straight line method of depreciation, determine the amount of depreciation for the month of April.
    - ii) \$6,200 worth of equipment was purchased on April 1 and is expected to last for five years. Using the straight-line method of depreciation, determine the amount of depreciation for the month of April.
    - iii) A vehicle was purchased for \$50,000 on April 1. The vehicle is expected to depreciate at a rate of 30%. Record the adjusting entry for the months of April, May, and June (you will have three journal entries in total).
- 

### End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 9 Learning Activity Answer Key to ensure that your answers are correct.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next lesson builds on the outcomes you just finished.

## LESSON 3: YEAR-END ADJUSTING ENTRIES

### Lesson Focus

By the end of this lesson, you should be able to

- calculate adjustments at year-end
- journalize adjustments at year-end

### Introduction

In the previous two lessons, you calculated adjusting entries for a period of one month. Obviously, companies don't buy all of their equipment, furniture, vehicles, insurance, and other assets on the first of every month. So what would an adjustment for a vehicle purchased halfway through the month look like?

Also, some companies do not perform adjusting entries at the end of every month; instead, they do adjustments on a quarterly or yearly basis.

In this lesson, you will learn how to calculate adjustments at year-end.

### Calculating Adjustments at Year-end

Strong Arm Fitness opened its doors to the public on July 1, 2014. Their fiscal period is one year. This means that their year-end is on June 30, 2015 (12 months from the date they first opened the business).

Obviously, throughout the year, a variety of assets are purchased in order to run the business. When year-end comes along, the accountant will have to make adjusting entries.

When recording year-end adjustments, you will need to ask yourself the following six questions:

- When is year-end?
- When was the asset purchased?
- What was the original cost of the asset?
- What is the expected life of the asset?
- What is the salvage value (if applicable)?
- What is the period of time elapsed?

## Insurance Example

Suppose that Strong Arm Fitness purchased a one-year insurance policy on November 1, 2014, for \$2,600. If year-end is on June 30, 2015, how much of that insurance policy has been used up?

Work through the six questions to determine the adjustment amount.

- When is year-end?  
June 30, 2015
- When was the asset purchased?  
November 1, 2014
- What was the original cost of the asset?  
\$2,600
- What is the expected life of the asset?  
1 year
- What is the salvage value (if applicable)?  
0 (as it is not applicable)
- What is the period of time elapsed?  
8 months (since it was purchased on November 1, that means that all of November has elapsed, along with December, January, February, March, April, May, and June)

You now have enough information to calculate the adjusting entry, just like you did in Lesson 1 of this module.

Insurance amount of  $\$2,600.00 / 12 \text{ months} = \$216.67 \text{ per month}$

Amount per month of  $\$216.67 \times 8 \text{ months elapsed} = \$1,733.36$

The transaction will be as follows:

Jun	30	Insurance Expense		1,733.33	
		Prepaid Insurance			1,733.33
		$\$2,600 / 12 \text{ months} \times 8 \text{ months}$			



**Extremely important:** When entering the calculation in your calculator, do not erase your amount until you are completely finished with the entire calculation, otherwise your adjustment amount will be incorrect. For example, when you enter the following in your calculator:  $\$2,600/12 \times 8$ , **the answer is \$1,733.33** not \$1,733.36 as stated in the calculation portion of the example. The correct answer is \$1,733.33. The example simply shows you each calculated step so that you can better understand how the calculation was performed.

### Rent Example

On February 15, 2015, Strong Arm Fitness paid for six months of rent in advance totaling \$4,500.

Work through the six questions to determine the adjustment amount.

- When is year-end?  
June 30, 2015
- When was the asset purchased?  
February 15, 2015
- What was the original cost of the asset?  
\$4,500
- What is the expected life of the asset?  
6 months
- What is the salvage value (if applicable)?  
0 (as it is not applicable)
- What is the period of time elapsed?  
4.5 months (since it was purchased on February 15, that means that half of February has elapsed, along with all of March, April, May, and June)

You now have enough information to calculate the adjusting entry, just like you did in Lesson 1 of this module.

Prepaid Rent amount of  $\$4,500/6$  months = \$750.00 of rent per month

Amount per month of  $\$750.00 \times 4.5$  months elapsed = \$3,375.00

**Remember to not do any rounding in your calculation until the end.** In this case, when you enter the following into your calculator:  $\$4,500/6$  months  $\times$  4.5 months, the correct answer is still \$3,375.00.

The transaction will be as follows:

Jun	30	Rent Expense		3,375.00	
		Prepaid Rent			3,375.00
		\$4,500/6 months x 4.5 months			

### Straight-Line Method of Depreciation Example

Strong Arm Fitness purchased \$4,000 of additional equipment on September 1, 2014. Strong Arm Fitness expects this equipment to last six years, at which point it will be worthless. Using the straight-line method of depreciation, calculate the depreciation amount at year-end (June 30, 2015).

Work through the six questions to determine the adjustment amount.

- When is year-end?  
June 30, 2015
- When was the asset purchased?  
September 1, 2014
- What was the original cost of the asset?  
\$4,000
- What is the expected life of the asset?  
6 years
- What is the salvage value (if applicable)?  
0
- What is the period of time elapsed?  
10 months (since it was purchased on September 1, that means that all of September has elapsed, along with all of October, November, December, January, February, March, April, May, and June)

Initial cost of \$4,000.00 – Salvage value of \$0 = \$4,000.00

\$4,000.00/6 years = \$666.67 per year

\$666.67/12 months = \$55.56 per month

\$55.56 per month × 10 months elapsed = \$555.60

**Remember to not do any rounding in your calculation until the end.** In this case, when you enter the following into your calculator  $\$4,000/6 \text{ years}/12 \text{ months} \times 10 \text{ months}$ , the correct answer is \$555.56.

The transaction will be as follows:

Jun	30	Depreciation Expense—Equipment		555.56	
		Accumulated Depreciation—Equipment			555.56
		$\$4,000/6 \text{ years}/12 \text{ months} \times 10 \text{ months}$			

### Declining-Balance Method of Depreciation Example

Strong Arm Fitness purchased \$3,000 of Furniture on March 1 of this year. Strong Arm Fitness has estimated that the equipment will drop in value at a rate of 10% per year. Using the declining-balance method, determine the depreciation for June 30 (of this year) and then again for June 30 of next year.

Work through the six questions that have been modified for calculating depreciation using the declining-balance method of depreciation.

#### Year 1 (this year)

- When is year-end?  
June 30
- When was the asset purchased?  
March 1
- What was the original cost of the asset?  
\$3,000
- What is the rate of depreciation?  
10%
- How much has the asset depreciated so far?  
0 (no depreciation amount has been calculated so far on this equipment)
- What is the period of time elapsed?  
4 months (since it was purchased on March 1 that means that all of March has elapsed, along with all of April, May, and June)



Initial cost of \$3,000.00 – Amount depreciated so far of \$0 = \$3,000.00

$\$3,000.00 \times \text{the rate of } 10\% (0.10) = \$300.00 \text{ per year}$

$\$300.00/12 \text{ months} = \$25.00 \text{ per month}$

$\$25.00 \times 4 \text{ months elapsed} = \$100.00$

**Year 2 (next year)**

- When is year-end?  
June 30
- When was the asset purchased?  
March 1 of the previous year
- What was the original cost of the asset?  
\$3,000
- What is the rate of depreciation?  
10%
- How much has the asset depreciated so far?  
\$100 (this is the amount it depreciated in the 4 months of year 1)
- What is the period of time elapsed?  
12 months (you already calculated the depreciation amount for June 30 of the first year—now you will record the full 12 months for year 2)

Initial cost of \$3,000.00 – Amount depreciated so far of \$100.00 = \$2,900.00

$\$2,900.00 \times \text{the rate of } 10\% (0.10) = \$290.00 \text{ per year}$

The two transactions will be as follows:

2015					
Jun	30	Depreciation Expense—Equipment		100.00	
		Accumulated Depreciation—Equipment			100.00
		$(\$3,000-0) \times 0.1/12 \text{ months} \times 4 \text{ months}$			
2016					
Jun	30	Depreciation Expense—Equipment		290.00	
		Accumulated Depreciation—Equipment			290.00
		$(\$3,000-\$100) \times 0.1$			

## Supplies Example

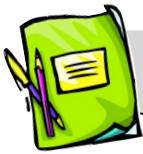
On March 15, Strong Arm Fitness purchased \$400 worth of supplies. On June 30, a physical count of the supplies revealed that there was \$100 worth of supplies on-hand.

In the case of supplies, you don't need to work through the six questions to determine how much was used up by counting months elapsed. The reason for this is because a physical count of the supplies on-hand is done instead; therefore, the calculation here is done in exactly the same way as you learned in Lesson 1.

Beginning amount of supplies of \$400 **minus** supplies on-hand of \$100  
= used up amount of \$300

The transaction will be as follows:

Jun	30	Office Supplies Expense		300.00	
		Office Supplies			300.00
		\$400 – \$100			



## Learning Activity 9.3

### 1. Blue Grass Lawn Care

- a) Open the file called "Mod 9 LA 9.3 BGLC."
- b) Journalize the following adjusting entries for the year-end (December 31, 20XX) starting on page 88 of the journal.
  - i) A \$1,200 six-month insurance policy was purchased on September 1.
  - ii) Supplies at the beginning of the year were recorded at \$600. A physical count reveals that there is still \$200 worth of supplies on-hand at the end of December.
  - iii) Six months of rent (\$10,000) were paid for in advance on October 1.
  - iv) \$6,000 worth of equipment was purchased on April 1 and is expected to last for 5 years (after which the owner hopes to sell the equipment for \$2,000). Use the straight-line method of depreciation.
  - v) A vehicle was purchased for \$45,000 on May 15. The vehicle is expected to depreciate at a rate of 25%. Use the declining balance method of depreciation.

*continued*

## Learning Activity 9.3 (continued)

### 2. Dr. Le Phang, Dentist

- a) Open the file called “Mod 9 LA 9.3 DLPD.”
  - b) Journalize the following adjusting entries for the year-end (September 30, 20XX) starting on page 84 of the journal.
    - i) A \$3,000 twelve-month insurance policy was purchased on August 1.
    - ii) Dental supplies at the beginning of the year were recorded at \$400. A physical count reveals that there is still \$120 worth of dental supplies on-hand at the end of September.
    - iii) Three months of rent (\$6,000) were paid for in advance on September 1.
    - iv) \$4,000 worth of furniture was purchased on May 15 and is expected to last for 6 years, at which point it will be worthless. Use the straight-line method of depreciation.
    - v) A vehicle was purchased for \$80,000 on November 30 of the previous year. The vehicle is expected to depreciate at a rate of 25%. Use the declining-balance method of depreciation.
- 

### End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 9 Learning Activity Answer Key to ensure that your answers are correct.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next lesson builds on the outcomes you just finished.

## LESSON 4: EXPANDING THE WORKSHEET

### Lesson Focus

By the end of this lesson, you should be able to

- expand the six-column worksheet into an eight-column worksheet
- record adjustments in an eight-column worksheet

### Introduction

Earlier in Module 6, you learned how to create a six-column worksheet which is used to help prepare the financial statements. Adjusting entries are necessary in order to prepare accurate financial statements; therefore, when using a worksheet to determine accurate financial statement balances, adjustments should also be part of the worksheet.

### Eight-Column Worksheet

The eight-column worksheet serves the same purpose as the six-column worksheet except that adjustments are now part of the worksheet and require their own two columns.

The eight-column worksheet consists of two sections.

1. The heading (who, what, and when)
2. The body (trial balance, adjustments, income statement, and balance sheet columns)

Here is an example of an eight-column worksheet for Strong Arm Fitness including the following **monthly** adjustments:

- i) Supplies on-hand at the end of the month were \$150.

**Adjustment a**

Beginning supplies of \$500 minus ending supplies of \$150  
= used up amount of \$350

- ii) The prepaid insurance policy is for a period of six months.

**Adjustment b**

Insurance amount of \$2,000.00/6 months  
= \$333.33 of insurance per month

- iii) The furniture has an expected life of 6 years, after which the owner expects to sell it for \$5,000. The straight-line method of depreciation is used.

**Adjustment c**

Initial cost of \$43,000.00 – salvage value of \$5,000.00 = \$38,000.00  
\$38,000.00/6 years = \$6,333.33 per year  
\$6,333.33/12 months = \$527.78 per month

- iv) The equipment depreciates at a rate of 20%. The declining balance method of depreciation is used.

**Adjustment d**

Beginning value	\$53,825.00
minus amount depreciated so far	10,765.00
	\$43,060.00
Multiply by the rate of 20% (\$43,060.00 × 0.2) to determine amount per year	\$8,612.00
Divide by 12 months (\$8,612.00/12) to determine amount per month	\$717.67

Strong Arm Fitness

Worksheet

For the Month Ended August 31, 2016

ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		ADJUSTMENTS		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	37,000.00						37,000.00	
Accounts Receivable	110	1,500.00						1,500.00	
Supplies	115	500.00			350.00		(a)	150.00	
Prepaid Insurance	117	2,000.00			333.33		(b)	1,666.67	
Equipment	120	53,825.00						53,825.00	
Accumulated Depreciation—Equipment	121		10,765.00		717.67		(c)		11,482.67
Furniture	130	43,000.00						43,000.00	
Accumulated Depreciation—Furniture	131		—		527.78		(d)		527.78
Building	140	150,000.00						150,000.00	
Land	150	100,000.00						100,000.00	
Accounts Payable	200		12,000.00						12,000.00
Bank Loan Payable	210		20,000.00						20,000.00
Mortgage Payable	220		160,000.00						160,000.00
J. Koe, Capital	300		181,235.00						181,235.00
J. Koe, Drawings	310	500.00						500.00	
Massage Therapy Revenue	400		8,000.00						8,000.00
Personal Training Revenue	410		6,000.00						6,000.00
Membership Revenue	420		5,000.00						5,000.00
Advertising Expense	500	2,000.00				2,000.00			
Depreciation Expense—Equipment	502	—		717.67		717.67			
Depreciation Expense—Furniture	504	—		527.78		527.78			
Insurance Expense	508	—		333.33		333.33			
Stationery Expense	510	200.00				200.00			
Supplies Expense	515	—		350.00		350.00			
Telephone/Internet Expense	520	220.00				220.00			
Utilities Expense	530	380.00				380.00			
Wages Expense	540	11,875.00				11,875.00			
		403,000.00	403,000.00	1,928.78	1,928.78	16,603.78	19,000.00	387,641.67	385,245.45
Net Income						2,396.22			2,396.22
						19,000.00		387,641.67	387,641.67



Notice that each adjustment is labeled with a letter: adjustment “a” is for supplies, adjustment “b” is for insurance, adjustment “c” is for furniture, and adjustment “d” is for equipment. These letters are necessary to help make sure that you have a debit for every credit, as well as provide you with a reference point for each adjustment.

## Preparing the Eight-Column Worksheet

The following are the steps to create the eight-column worksheet:

- Insert the heading (who, what, and when). Since the adjustments and the income statement are part of the worksheet, you need to include the time period (e.g., For the Month Ended August 31, 20XX).
- Record the trial balance on the worksheet by entering account titles, account numbers, and debit and credit balances. Total and rule the columns.

Strong Arm Fitness									
Worksheet									
For the Month Ended August 31, 2016									
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		ADJUSTMENTS		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	37,000.00							
Accounts Receivable	110	1,500.00							
Supplies	115	500.00							
Prepaid Insurance	117	2,000.00							
Equipment	120	53,825.00							
Accumulated Depreciation—Equipment	121		10,765.00						
Furniture	130	43,000.00							
Accumulated Depreciation—Furniture	131		—						
Building	140	150,000.00							
Land	150	100,000.00							
Accounts Payable	200		12,000.00						
Bank Loan Payable	210		20,000.00						
Mortgage Payable	220		160,000.00						
J. Koe, Capital	300		181,235.00						
J. Koe, Drawings	310	500.00							
Massage Therapy Revenue	400		8,000.00						
Personal Training Revenue	410		6,000.00						
Membership Revenue	420		5,000.00						
Advertising Expense	500	2,000.00							
Depreciation Expense—Equipment	502	—							
Depreciation Expense—Furniture	504	—							
Insurance Expense	508	—							
Stationery Expense	510	200.00							
Supplies Expense	515	—							
Telephone/Internet Expense	520	220.00							
Utilities Expense	530	380.00							
Wages Expense	540	11,875.00							
		<u>403,000.00</u>	<u>403,000.00</u>						

- Record each adjustment in the adjustments columns.

For example, the first adjustment is for \$350 of supplies used up. This means that you will have a debit to Supplies Expense and a credit to Supplies. Place the \$350 in the corresponding lines with the letter “a” beside each amount.

The second adjustment is for \$333.33 of expired insurance. This means that you will have a debit to Insurance Expense and a credit to Prepaid Insurance. Place the \$333.33 in the corresponding lines with the letter “b” beside each amount.

The third adjustment is for the depreciation of furniture in the amount of \$527.78. This means that you will have a debit to Depreciation Expense—Furniture and a credit to Accumulated Depreciation—Furniture. Place the \$527.78 in the corresponding lines—with the letter “c” beside each amount.

The fourth adjustment is for the depreciation of equipment in the amount of \$717.67. This means that you will have a debit to Depreciation Expense—Equipment and a credit to Accumulated Depreciation—Equipment. Place the \$717.67 in the corresponding lines with the letter “d” beside each amount.

**Excel Hints (for Microsoft Office 2010):**

1. In order to place a letter beside an adjustment amount, you will need to insert a comment. To do so
  - a) Right click the cell where you want to place the letter.
  - b) Select “Insert Comment”.
  - c) Type the letter followed by a bracket in the comment box.
2. To view comments
  - a) Right click the cell of the comment you want to view.
  - b) Select “Show/Hide Comments.”
  - c) Do this for every comment you want to view.

Keep in mind that if you have another version of Excel you may have to do the above in a different way. Use the “Help” button to find out how.



d) Total and rule the adjustments columns.

Strong Arm Fitness									
Worksheet									
For the Month Ended August 31, 2016									
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		ADJUSTMENTS		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	37,000.00							
Accounts Receivable	110	1,500.00							
Supplies	115	500.00			350.00	(a)			
Prepaid Insurance	117	2,000.00			333.33	(b)			
Equipment	120	53,825.00							
Accumulated Depreciation—Equipment	121		10,765.00		717.67	(c)			
Furniture	130	43,000.00							
Accumulated Depreciation—Furniture	131		—		527.78	(d)			
Building	140	150,000.00							
Land	150	100,000.00							
Accounts Payable	200		12,000.00						
Bank Loan Payable	210		20,000.00						
Mortgage Payable	220		160,000.00						
J. Koe, Capital	300		181,235.00						
J. Koe, Drawings	310	500.00							
Massage Therapy Revenue	400		8,000.00						
Personal Training Revenue	410		6,000.00						
Membership Revenue	420		5,000.00						
Advertising Expense	500	2,000.00							
Depreciation Expense—Equipment	502	—		717.67	(d)				
Depreciation Expense—Furniture	504	—		527.78	(c)				
Insurance Expense	508	—		333.33	(b)				
Stationery Expense	510	200.00							
Supplies Expense	515	—		350.00	(a)				
Telephone/Internet Expense	520	220.00							
Utilities Expense	530	380.00							
Wages Expense	540	11,875.00							
		403,000.00	403,000.00	1,928.78	1,928.78				

- e) Line by line, transfer the balance sheet accounts to the appropriate debit or credit balance sheet columns and transfer the income statement accounts to the appropriate debit or credit income statement columns.

For example, the \$37,000.00 in the **Cash** account get transferred to the debit column of the balance sheet. The \$1,500.00 in the **Accounts Receivable** account get transferred to the debit column of the balance sheet.

But what do you do with the **Supplies** account? The trial balance columns show a debit of \$500.00 and the adjustment columns show a credit of \$350.00. You will have to perform a calculation to determine the amount to transfer. In this case, a debit of \$500.00 **minus** a credit of \$350.00 equals a debit of \$150.00; therefore, you will transfer \$150.00 to the debit column of the balance sheet.

Strong Arm Fitness									
Worksheet									
For the Month Ended August 31, 2016									
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		ADJUSTMENTS		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	37,000.00						37,000.00	
Accounts Receivable	110	1,500.00						1,500.00	
Supplies	115	500.00			350.00	(a)		150.00	
Prepaid Insurance	117	2,000.00			333.33	(b)			
Equipment	120	53,825.00							
Accumulated Depreciation—Equipment	121		10,765.00		717.67	(c)			
Furniture	130	43,000.00							
Accumulated Depreciation—Furniture	131		—		527.78	(d)			
Building	140	150,000.00							
Land	150	100,000.00							
Accounts Payable	200		12,000.00						
Bank Loan Payable	210		20,000.00						
Mortgage Payable	220		160,000.00						
J. Koe, Capital	300		181,235.00						
J. Koe, Drawings	310	500.00							
Massage Therapy Revenue	400		8,000.00						
Personal Training Revenue	410		6,000.00						
Membership Revenue	420		5,000.00						
Advertising Expense	500	2,000.00							
Depreciation Expense—Equipment	502	—		717.67	(d)				
Depreciation Expense—Furniture	504	—		527.78	(c)				
Insurance Expense	508	—		333.33	(b)				
Stationery Expense	510	200.00							
Supplies Expense	515	—		350.00	(a)				
Telephone/Internet Expense	520	220.00							
Utilities Expense	530	380.00							
Wages Expense	540	11,875.00							
		403,000.00	403,000.00	1,928.78	1,928.78				

For **Prepaid Insurance**, the trial balance columns show a debit of \$2,000.00 and the adjustment columns show a credit of \$333.33. You will once again have to perform a calculation to determine the amount to transfer. In this case, a debit of \$2,000.00 minus a credit of \$333.33 equals a debit of \$1,666.67; therefore, you will transfer \$1,666.67 to the debit column of the balance sheet.

Strong Arm Fitness									
Worksheet									
For the Month Ended August 31, 2016									
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		ADJUSTMENTS		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	37,000.00						37,000.00	
Accounts Receivable	110	1,500.00						1,500.00	
Supplies	115	500.00			350.00	a		150.00	
Prepaid Insurance	117	2,000.00			333.33	b		1,666.67	
Equipment	120	53,825.00							
Accumulated Depreciation—Equipment	121		10,765.00		717.67	c			
Furniture	130	43,000.00							
Accumulated Depreciation—Furniture	131		—		527.78	d			
Building	140	150,000.00							
Land	150	100,000.00							
Accounts Payable	200		12,000.00						
Bank Loan Payable	210		20,000.00						
Mortgage Payable	220		160,000.00						
J. Koe, Capital	300		181,235.00						
J. Koe, Drawings	310	500.00							
Massage Therapy Revenue	400		8,000.00						
Personal Training Revenue	410		6,000.00						
Membership Revenue	420		5,000.00						
Advertising Expense	500	2,000.00							
Depreciation Expense—Equipment	502	—		717.67	d				
Depreciation Expense—Furniture	504	—		527.78	c				
Insurance Expense	508	—		333.33	b				
Stationery Expense	510	200.00							
Supplies Expense	515	—		350.00	a				
Telephone/Internet Expense	520	220.00							
Utilities Expense	530	380.00							
Wages Expense	540	11,875.00							
		403,000.00	403,000.00	1,928.78	1,928.78				

The **Equipment** account gets transferred to the debit column of the balance sheet. No calculation is required as there are no amounts in the adjustments columns.

For **Accumulated Depreciation – Equipment**, the trial balance columns show a credit of \$10,765.00 and the adjustment columns show a credit of \$717.67. You will once again have to perform a calculation to determine the amount to transfer. In this case, a credit of \$10,765.00 **plus** a credit of \$717.67 equals a credit of \$11,482.67; therefore, you will transfer \$11,482.67 to the credit column of the balance sheet.

Strong Arm Fitness									
Worksheet									
For the Month Ended August 31, 2016									
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		ADJUSTMENTS		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	37,000.00						37,000.00	
Accounts Receivable	110	1,500.00						1,500.00	
Supplies	115	500.00			350.00	(a)		150.00	
Prepaid Insurance	117	2,000.00			333.33	(b)		1,666.67	
Equipment	120	53,825.00							
Accumulated Depreciation—Equipment	121		10,765.00		717.67	(c)			11,482.67
Furniture	130	43,000.00							
Accumulated Depreciation—Furniture	131		—		527.78	(d)			
Building	140	150,000.00							
Land	150	100,000.00							
Accounts Payable	200		12,000.00						
Bank Loan Payable	210		20,000.00						
Mortgage Payable	220		160,000.00						
J. Koe, Capital	300		181,235.00						
J. Koe, Drawings	310	500.00							
Massage Therapy Revenue	400		8,000.00						
Personal Training Revenue	410		6,000.00						
Membership Revenue	420		5,000.00						
Advertising Expense	500	2,000.00							
Depreciation Expense—Equipment	502	—		717.67	(d)				
Depreciation Expense—Furniture	504	—		527.78	(c)				
Insurance Expense	508	—		333.33	(b)				
Stationery Expense	510	200.00							
Supplies Expense	515	—		350.00	(a)				
Telephone/Internet Expense	520	220.00							
Utilities Expense	530	380.00							
Wages Expense	540	11,875.00							
		403,000.00	403,000.00	1,928.78	1,928.78				

The **Furniture** account gets transferred to the debit column of the balance sheet. No calculation is required as there are no amounts in the adjustments columns.

For **Accumulated Depreciation – Furniture**, the trial balance columns show a credit of \$0 and the adjustment columns show a credit of \$527.78. Since you only have the one credit, it gets transferred to the credit column of the balance sheet.

Strong Arm Fitness									
Worksheet									
For the Month Ended August 31, 2016									
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		ADJUSTMENTS		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	37,000.00						37,000.00	
Accounts Receivable	110	1,500.00						1,500.00	
Supplies	115	500.00			350.00	(a)		150.00	
Prepaid Insurance	117	2,000.00			333.33	(b)		1,666.67	
Equipment	120	53,825.00							
Accumulated Depreciation—Equipment	121		10,765.00		717.67	(c)			11,482.67
Furniture	130	43,000.00							
Accumulated Depreciation—Furniture	131		—		527.78	(d)			527.78
Building	140	150,000.00							
Land	150	100,000.00							
Accounts Payable	200		12,000.00						
Bank Loan Payable	210		20,000.00						
Mortgage Payable	220		160,000.00						
J. Koe, Capital	300		181,235.00						
J. Koe, Drawings	310	500.00							
Massage Therapy Revenue	400		8,000.00						
Personal Training Revenue	410		6,000.00						
Membership Revenue	420		5,000.00						
Advertising Expense	500	2,000.00							
Depreciation Expense—Equipment	502	—		717.67	(d)				
Depreciation Expense—Furniture	504	—		527.78	(c)				
Insurance Expense	508	—		333.33	(b)				
Stationery Expense	510	200.00							
Supplies Expense	515	—		350.00	(a)				
Telephone/Internet Expense	520	220.00							
Utilities Expense	530	380.00							
Wages Expense	540	11,875.00							
		403,000.00	403,000.00	1,928.78	1,928.78				

The **Building** and **Land** accounts get transferred to the debit column of the balance sheet. No calculation is required as there are no amounts in the adjustments columns.

The **Accounts Payable**, **Bank Loan Payable**, and **Mortgage Payable** accounts get transferred to the credit column of the balance sheet. No calculation is required as there are no amounts in the adjustments columns.

The **Capital** account gets transferred to the credit column of the balance sheet and the **Drawings** account gets transferred to the debit column of the balance sheet. No calculation is required as there are no amounts in the adjustments columns.

The **Massage Therapy Revenue**, **Personal Training Revenue**, and **Membership Revenue** accounts get transferred to the credit column of the income statement. No calculation is required as there are no amounts in the adjustments columns.

Strong Arm Fitness									
Worksheet									
For the Month Ended August 31, 2016									
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		ADJUSTMENTS		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	37,000.00						37,000.00	
Accounts Receivable	110	1,500.00						1,500.00	
Supplies	115	500.00			350.00	(a)		150.00	
Prepaid Insurance	117	2,000.00			333.33	(b)		1,666.67	
Equipment	120	53,825.00						53,825.00	
Accumulated Depreciation—Equipment	121		10,765.00		717.67	(c)			11,482.67
Furniture	130	43,000.00						43,000.00	
Accumulated Depreciation—Furniture	131		—		527.78	(d)			527.78
Building	140	150,000.00						150,000.00	
Land	150	100,000.00						100,000.00	
Accounts Payable	200		12,000.00						12,000.00
Bank Loan Payable	210		20,000.00						20,000.00
Mortgage Payable	220		160,000.00						160,000.00
J. Koe, Capital	300		181,235.00						181,235.00
J. Koe, Drawings	310	500.00						500.00	
Massage Therapy Revenue	400		8,000.00				8,000.00		
Personal Training Revenue	410		6,000.00				6,000.00		
Membership Revenue	420		5,000.00				5,000.00		
Advertising Expense	500	2,000.00							
Depreciation Expense—Equipment	502	—		717.67	(d)				
Depreciation Expense—Furniture	504	—		527.78	(c)				
Insurance Expense	508	—		333.33	(b)				
Stationery Expense	510	200.00							
Supplies Expense	515	—		350.00	(a)				
Telephone/Internet Expense	520	220.00							
Utilities Expense	530	380.00							
Wages Expense	540	11,875.00							
		403,000.00	403,000.00	1,928.78	1,928.78				

The **Advertising Expense, Stationery Expense, Telephone/Internet Expense, Utilities Expense, and Wages Expense** accounts get transferred to the debit column of the income statement. No calculation is required as there are no amounts in the adjustments columns.

As for the **Depreciation Expense – Equipment, Depreciation Expense – Furniture, Insurance Expense, and Supplies Expense** accounts, there are amounts in the adjustment columns but no amounts in the trial balance columns; therefore, no calculation is required. Since these amounts are debit amounts, they get transferred to the income statement columns as a debit.

Strong Arm Fitness									
Worksheet									
For the Month Ended August 31, 2016									
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		ADJUSTMENTS		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	37,000.00						37,000.00	
Accounts Receivable	110	1,500.00						1,500.00	
Supplies	115	500.00			350.00	a		150.00	
Prepaid Insurance	117	2,000.00			333.33	b		1,666.67	
Equipment	120	53,825.00						53,825.00	
Accumulated Depreciation—Equipment	121		10,765.00		717.67	c			11,482.67
Furniture	130	43,000.00						43,000.00	
Accumulated Depreciation—Furniture	131		—		527.78	d			527.78
Building	140	150,000.00						150,000.00	
Land	150	100,000.00						100,000.00	
Accounts Payable	200		12,000.00						12,000.00
Bank Loan Payable	210		20,000.00						20,000.00
Mortgage Payable	220		160,000.00						160,000.00
J. Koe, Capital	300		181,235.00						181,235.00
J. Koe, Drawings	310	500.00						500.00	
Massage Therapy Revenue	400		8,000.00				8,000.00		
Personal Training Revenue	410		6,000.00				6,000.00		
Membership Revenue	420		5,000.00				5,000.00		
Advertising Expense	500	2,000.00					2,000.00		
Depreciation Expense—Equipment	502	—		717.67	d		717.67		
Depreciation Expense—Furniture	504	—		527.78	e		527.78		
Insurance Expense	508	—		333.33	f		333.33		
Stationery Expense	510	200.00					200.00		
Supplies Expense	515	—		350.00	g		350.00		
Telephone/Internet Expense	520	220.00					220.00		
Utilities Expense	530	380.00					380.00		
Wages Expense	540	11,875.00					11,875.00		
		403,000.00	403,000.00	1,928.78	1,928.78				

- f) Add the debit and credit columns of the income statement and balance sheet. Record the totals under a single-ruled line at the bottom of each column.

Strong Arm Fitness									
Worksheet									
For the Month Ended August 31, 2016									
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		ADJUSTMENTS		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	37,000.00						37,000.00	
Accounts Receivable	110	1,500.00						1,500.00	
Supplies	115	500.00			350.00	(a)		150.00	
Prepaid Insurance	117	2,000.00			333.33	(b)		1,666.67	
Equipment	120	53,825.00						53,825.00	
Accumulated Depreciation—Equipment	121		10,765.00		717.67	(c)			11,482.67
Furniture	130	43,000.00						43,000.00	
Accumulated Depreciation—Furniture	131		—		527.78	(d)			527.78
Building	140	150,000.00						150,000.00	
Land	150	100,000.00						100,000.00	
Accounts Payable	200		12,000.00						12,000.00
Bank Loan Payable	210		20,000.00						20,000.00
Mortgage Payable	220		160,000.00						160,000.00
J. Koe, Capital	300		181,235.00						181,235.00
J. Koe, Drawings	310	500.00						500.00	
Massage Therapy Revenue	400		8,000.00				8,000.00		
Personal Training Revenue	410		6,000.00				6,000.00		
Membership Revenue	420		5,000.00				5,000.00		
Advertising Expense	500	2,000.00					2,000.00		
Depreciation Expense—Equipment	502	—		717.67	(d)	717.67			
Depreciation Expense—Furniture	504	—		527.78	(c)	527.78			
Insurance Expense	508	—		333.33	(b)	333.33			
Stationery Expense	510	200.00				200.00			
Supplies Expense	515	—		350.00	(a)	350.00			
Telephone/Internet Expense	520	220.00				220.00			
Utilities Expense	530	380.00				380.00			
Wages Expense	540	11,875.00				11,875.00			
		403,000.00	403,000.00	1,928.78	1,928.78	16,603.78	19,000.00	387,641.67	385,245.45



- g) Complete the income statement section by determining net income or net loss. Do so by calculating the difference between the debit and credit column totals. Record the difference under the smaller total. If the credit total is larger than the debit total (your revenues are greater than your expenses), then you have a net income. If the debit total is larger than the credit total (your expenses are greater than your revenue), then you have a net loss. Remember to write Net Income or Net Loss in the “Account Title” column and to rule and total the income statement columns.

Strong Arm Fitness									
Worksheet									
For the Month Ended August 31, 2016									
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		ADJUSTMENTS		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	37,000.00						37,000.00	
Accounts Receivable	110	1,500.00						1,500.00	
Supplies	115	500.00			350.00	a		150.00	
Prepaid Insurance	117	2,000.00			333.33	b		1,666.67	
Equipment	120	53,825.00						53,825.00	
Accumulated Depreciation—Equipment	121		10,765.00		717.67	c			11,482.67
Furniture	130	43,000.00						43,000.00	
Accumulated Depreciation—Furniture	131		—		527.78	d			527.78
Building	140	150,000.00						150,000.00	
Land	150	100,000.00						100,000.00	
Accounts Payable	200		12,000.00						12,000.00
Bank Loan Payable	210		20,000.00						20,000.00
Mortgage Payable	220		160,000.00						160,000.00
J. Koe, Capital	300		181,235.00						181,235.00
J. Koe, Drawings	310	500.00						500.00	
Massage Therapy Revenue	400		8,000.00				8,000.00		
Personal Training Revenue	410		6,000.00				6,000.00		
Membership Revenue	420		5,000.00				5,000.00		
Advertising Expense	500	2,000.00				2,000.00			
Depreciation Expense—Equipment	502	—		717.67	d	717.67			
Depreciation Expense—Furniture	504	—		527.78	c	527.78			
Insurance Expense	508	—		333.33	b	333.33			
Stationery Expense	510	200.00				200.00			
Supplies Expense	515	—		350.00	a	350.00			
Telephone/Internet Expense	520	220.00				220.00			
Utilities Expense	530	380.00				380.00			
Wages Expense	540	11,875.00				11,875.00			
		403,000.00	403,000.00	1,928.78	1,928.78	16,603.78	19,000.00	387,641.67	385,245.45
Net Income						2,396.22			
						19,000.00	19,000.00		

- h) Complete the balance sheet section by placing the net income or net loss under the smaller total. Remember to rule and total the balance sheet columns.

Strong Arm Fitness									
Worksheet									
For the Month Ended August 31, 2016									
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		ADJUSTMENTS		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	37,000.00						37,000.00	
Accounts Receivable	110	1,500.00						1,500.00	
Supplies	115	500.00			350.00	(a)		150.00	
Prepaid Insurance	117	2,000.00			333.33	(b)		1,666.67	
Equipment	120	53,825.00						53,825.00	
Accumulated Depreciation—Equipment	121		10,765.00		717.67	(c)			11,482.67
Furniture	130	43,000.00						43,000.00	
Accumulated Depreciation—Furniture	131		—		527.78	(d)			527.78
Building	140	150,000.00						150,000.00	
Land	150	100,000.00						100,000.00	
Accounts Payable	200		12,000.00						12,000.00
Bank Loan Payable	210		20,000.00						20,000.00
Mortgage Payable	220		160,000.00						160,000.00
J. Koe, Capital	300		181,235.00						181,235.00
J. Koe, Drawings	310	500.00						500.00	
Massage Therapy Revenue	400		8,000.00				8,000.00		
Personal Training Revenue	410		6,000.00				6,000.00		
Membership Revenue	420		5,000.00				5,000.00		
Advertising Expense	500	2,000.00					2,000.00		
Depreciation Expense—Equipment	502	—		717.67	(d)	717.67			
Depreciation Expense—Furniture	504	—		527.78	(c)	527.78			
Insurance Expense	508	—		333.33	(b)	333.33			
Stationery Expense	510	200.00				200.00			
Supplies Expense	515	—		350.00	(a)	350.00			
Telephone/Internet Expense	520	220.00				220.00			
Utilities Expense	530	380.00				380.00			
Wages Expense	540	11,875.00				11,875.00			
		403,000.00	403,000.00	1,928.78	1,928.78	16,603.78	19,000.00	387,641.67	385,245.45
Net Income						2,396.22			2,396.22
						19,000.00	19,000.00	387,641.67	387,641.67

## Journalizing

Once the worksheet is complete, all adjusting entries recorded on the worksheet must be journalized.

Here are the adjustment journal entries for Strong Arm Fitness. Remember to include your calculation in the explanation line.

2016					
Aug	31	Supplies Expense		350.00	
		Supplies			350.00
		\$5,500–\$150			
	31	Insurance Expense		333.33	
		Prepaid Insurance			333.33
		\$2,000/6 months			
	31	Depreciation Expense—Equipment		717.67	
		Accumulated Depreciation—Equipment			717.67
		(\$53,825–\$10,765) x 0.2/12 months			
	31	Depreciation Expense—Furniture		527.78	
		Accumulated Depreciation—Furniture			527.78
		(\$43,000–\$5,000)/6 years/12 months			



## Learning Activity 9.4

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### 1. Blue Grass Lawn Care

- a) Open the file called “Mod 9 LA 9.4 BGLC.”
- b) Complete the worksheet for December 31, 20XX. The monthly adjustments are as follows:
  - i) Supplies at the beginning of the month were recorded at \$625. A physical count reveals that there is still \$400 worth of supplies on-hand at the end of the month.
  - ii) A \$2,200 twelve-month insurance policy was purchased on September 1.
  - iii) Three months of rent (\$1,000) were paid for in advance on December 1.
  - iv) \$22,000 worth of equipment was purchased on February 1 and is expected to last for 6 years (after which the owner hopes to sell the equipment for \$4,000). Use the straight-line method of depreciation.
- c) Journalize the required entries on page 95.

### 2. Dr. Le Phang, Dentist

- a) Open the file called “Mod 9 LA 9.4 DLPD.”
  - b) Complete the worksheet for October 31, 20XX. The year-end adjustments are as follows:
    - i) Dental Supplies at the beginning of the year were recorded at \$2,500. A physical count reveals that there is still \$300 worth of dental supplies on-hand at the end of the year.
    - ii) A twelve-month insurance policy was purchased on December 1 of the previous year for \$4,400.
    - iii) \$14,000 worth of equipment was purchased on June 1 and is expected to last for 6 years, at which point it will be worthless. Use the straight-line method of depreciation.
    - iv) Furniture was purchased for \$13,000 on July 15. The furniture is expected to depreciate at a rate of 15%. Use the declining balance method of depreciation.
  - c) Journalize the required entries on page 90.
-

## End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 9 Learning Activity Answer Key to ensure that your answers are correct.
- Go back to the lesson focus at the beginning of the lesson. Are you able to do everything on the list? If not, you may need to go back and review a few things. Remember, the next lesson builds on the outcomes you just finished.



## Assignment 9.1

You are about to start the ninth assignment that will be submitted to the Distance Learning Unit. This assignment is based on the Learning Activities that you have already completed. For each question, note the amount of marks it is worth. Any errors will cause a loss of mark(s). Check your work carefully before submitting it.

### 1. Clean Sweep Janitorial Services

- a) Open the file called “Mod 9 LA 9.3 DLPD.” Save the file as “Your Name Mod 9 LA 9.3 DLPD.”
- b) Journalize the following adjusting entries for the **month-end** (June 30, 20XX) starting on page 44 of the journal. (18 marks)
  - i) A \$2,600 six-month insurance policy was purchased on April 1.
  - ii) Supplies at the beginning of the month were recorded at \$455. A physical count reveals that there is still \$135 worth of supplies on-hand at the end of June.
  - iii) Six months of rent (\$9,000) were paid for in advance on February 1.
  - iv) \$6,900 worth of furniture was purchased on May 15 and is expected to last for 6 years, at which point it will be worthless. Use the straight-line method of depreciation.
  - v) \$7,800 worth of equipment was purchased on September 30 and is expected to last for 5 years, at which point the owner hopes to sell it for \$500. Use the straight-line method of depreciation.
  - vi) A vehicle was purchased for \$32,000 on April 30. The vehicle is expected to depreciate at a rate of 15%. So far, the vehicle has depreciated by \$400. Use the declining-balance method of depreciation.

*continued*

## Assignment 9.1 (continued)

### 1. Snips Hair Care

- a) Open the file “Mod 9 A1.” Save the file as “Your Name Mod 9 A1.”
- b) Complete the worksheet for May 31, 20XX. The year-end adjustments are as follows: (13 marks)
  - i) Supplies at the beginning of the year were recorded at \$525. A physical count reveals that there is still \$40 worth of supplies on-hand at the end of the year.
  - ii) \$9,000 worth of equipment was purchased on July 1 and is expected to last for 4 years, at which point it will be worthless. Use the straight-line method of depreciation.
  - iii) Furniture was purchased for \$7,900 on January 15. The furniture is expected to depreciate at a rate of 20%. Use the declining balance method of depreciation.
- c) Journalize the required entries on page 76. (9 marks)

## MODULE 9 SUMMARY

Congratulations on completing Module 9, the last module in this course! You now know how to calculate and record adjustments for prepaid expenses and for depreciation. In addition, you have learned how to prepare an eight-column worksheet.

It is important that you complete Assignment 9.1 and get ready to write your final examination.



### Submitting Your Assignments

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It is now time for you to submit Assignment 9.1 to the Distance Learning Unit so that you can receive some feedback on how you are doing in this course. Remember that you must submit all the assignments in this course before you can receive your credit.

Make sure you have completed all parts of your Module 9 assignment and organize your material in the following order:

- Module 9 Cover Sheet (found at the end of the course Introduction)
- Assignment 9.1
  - Excel File “Mod 9 A1”
    - Journal (Clean Sweep)
    - Worksheet (Snips Hair Care)
    - Journal (Snips Hair Care)

For instructions on submitting your assignment, refer to How to Submit Assignments in the course introduction.

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## Final Examination



Congratulations, you have completed the course. The final examination is out of 100 marks and worth 25% of your final mark. In order to do well on this examination, you should review all of your learning activities and assignments from Modules 1 to 9.

You will complete this examination while being supervised by a proctor. You should already have made arrangements to have the examination sent to the proctor from the Distance Learning Unit. If you have not yet made arrangements to write it, then do so now. The instructions for doing so are provided in the Introduction to this module.

You will need to bring the following items to the examination: pens/pencils and scrap paper. A maximum of 2.5 hours is available to complete your final examination. When you have completed it, the proctor will then forward it for assessment. Good luck!

### How to Study for Your Final Examination

To do well on your final examination, you should review all the work you have completed in Modules 1 to 9, including all learning activities and assignments.

The questions on the final examination are set up exactly like the learning activities and the assignments. In other words, you will be asked to do the same tasks on three separate occasions—on the learning activities, the assignments, and the final examination.



GRADE 11 ACCOUNTING  
ESSENTIALS (30S)

Module 9  
Recording Adjustments

Learning Activity Answer Key



## MODULE 9: RECORDING ADJUSTMENTS

### Learning Activity 9.1

#### 1. Blue Grass Lawn Care

- a) Open the file called “Mod 9 LA 9.1 BGLC.”
- b) Journalize the following transactions on October 1 (starting on page 85 of the journal).
  - i) Purchased supplies for \$300; paid with cash.
  - ii) Paid \$2,400 for six months of rent to store excess equipment.
  - iii) Paid \$600 on a six-month insurance policy for storing the equipment.
- c) Journalize the following adjusting entries for **the month** of October.
  - i) On October 31, \$50 of supplies is on-hand. Adjust the Supplies account.
  - ii) Adjust rent.
  - iii) Adjust insurance.

Answer:

GENERAL JOURNAL			Page	85	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Oct	1	Supplies		300.00	
		Cash			300.00
		Purchased supplies			
	1	Prepaid Rent		2,400.00	
		Cash			2,400.00
		Six months of rent			
	1	Prepaid Insurance		600.00	
		Cash			600.00
		Six month policy			
		<b>Adjusting Entries</b>			
	31	Supplies Expense		250.00	
		Supplies			250.00
		\$300-\$50			
	31	Rent Expense		400.00	
		Prepaid Rent			400.00
		\$2,400/6 months			
	31	Insurance Expense		100.00	
		Prepaid Insurance			100.00
		\$600/6 months			

**2. Dr. Le Phang, Dentist**

- a) Open the file called "Mod 9 LA 9.1 DLPD."
- b) Journalize the following transactions on April 1 (starting on page 82 of the journal).
  - i) Purchased dental supplies for \$800 with cash.
  - ii) Paid \$3,600 for three months of rent.
  - iii) Paid \$1,800 for a twelve-month insurance policy.
- c) Journalize the following adjusting entries for the month of April.
  - i) On April 30, \$150 of dental supplies is on-hand. Adjust the Dental Supplies account.
  - ii) Adjust rent.
  - iii) Adjust insurance.

Answer:

GENERAL JOURNAL			Page	82	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Apr	1	Dental Supplies		800.00	
		Cash			800.00
		Purchased dental supplies			
	1	Prepaid Rent		3,600.00	
		Cash			3,600.00
		Three months of rent			
	1	Prepaid Insurance		1,800.00	
		Cash			1,800.00
		Twelve month policy			
		<b>Adjusting Entries</b>			
	30	Supplies Supplies Expense		650.00	
		Dental Supplies			650.00
		\$800-\$150			
	30	Rent Expense		1,200.00	
		Prepaid Rent			1,200.00
		\$3,600/3 months			
	30	Insurance Expense		150.00	
		Prepaid Insurance			150.00
		\$1,800/12 months			

## Learning Activity 9.2

### 1. Blue Grass Lawn Care

- a) Open the file called “Mod 9 LA 9.2 BGLC.”
- b) Journalize the following adjusting entries for the month of October (starting on page 87 of the journal).
  - i) \$6,500 worth of equipment was purchased on October 1, and is expected to last for seven years. Using the straight line method of depreciation, determine the amount of depreciation for the month of October.
  - ii) \$4,000 worth of furniture was purchased on October 1, and is expected to last for seven years. After the seven years, the furniture will be worth \$500. Using the straight line method of depreciation, determine the amount of depreciation for the month of October.
  - iii) A vehicle was purchased for \$50,000 on October 1. The vehicle is expected to depreciate at a rate of 30%. Record the adjusting entry for the months of October, November, and December (you will have three journal entries in total).

*Answer:*

GENERAL JOURNAL			Page	87	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Oct	31	Depreciation Expense—Equipment		77.38	
		Accumulated Depreciation—Equipment			77.38
		\$6,500/7 years/12 months			
	31	Depreciation Expense—Furniture		41.67	
		Accumulated Depreciation—Furniture			41.67
		(\$4,000–\$500)/7 years/12 months			
	31	Depreciation Expense—Vehicle		1250.00	
		Accumulated Depreciation—Vehicle			1250.00
		\$50,000 x 0.3/12 months			
Nov	30	Depreciation Expense—Vehicle		1218.75	
		Accumulated Depreciation—Vehicle			1218.75
		(\$50,000–\$1,250) x 0.3/12 months			
Dec	31	Depreciation Expense—Vehicle		1188.28	
		Accumulated Depreciation—Vehicle			1188.28
		(\$50,000–\$1,250–\$1,218.75) x 0.3/12 months			



## 2. Dr. Le Phang, Dentist

- a) Open the file called “Mod 9 LA 9.2 DLPD.”
- b) Journalize the following adjusting entries for the month of April (starting on page 83 of the journal).
  - i) \$4,000 worth of furniture was purchased on April 1, and is expected to last for seven years. After the seven years, the furniture will be worth \$500. Using the straight line method of depreciation, determine the amount of depreciation for the month of April.
  - ii) \$6,200 worth of equipment was purchased on April 1 and is expected to last for five years. Using the straight-line method of depreciation, determine the amount of depreciation for the month of April.
  - iii) A vehicle was purchased for \$50,000 on April 1. The vehicle is expected to depreciate at a rate of 30%. Record the adjusting entry for the months of April, May, and June (you will have three journal entries in total).

*Answer:*

DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Apr	30	Depreciation Expense—Furniture		41.67	
		Accumulated Depreciation—Furniture			41.67
		(\$4,000–\$500)/7 years/12 months			
	30	Depreciation Expense—Equipment		103.33	
		Accumulated Depreciation—Equipment			103.33
		\$6,200/5 years/12 months			
	30	Depreciation Expense—Vehicle		1,250.00	
		Accumulated Depreciation—Vehicle			1,250.00
		\$50,000 x 0.3/12 months			
May	31	Depreciation Expense—Vehicle		1,218.75	
		Accumulated Depreciation—Vehicle			1,218.75
		(\$50,000–\$1,250) x 0.3/12 months			
Jun	30	Depreciation Expense—Vehicle		1,188.28	
		Accumulated Depreciation—Vehicle			1,188.28
		(\$50,000–\$1,250–\$1,218.75) x 0.3/12 months			

## Learning Activity 9.3

### 1. Blue Grass Lawn Care

- a) Open the file called “Mod 9 LA 9.3 BGLC.”
- b) Journalize the following adjusting entries for the year-end (December 31, 20XX) starting on page 88 of the journal.
  - i) A \$1,200 six-month insurance policy was purchased on September 1.
  - ii) Supplies at the beginning of the year were recorded at \$600. A physical count reveals that there is still \$200 worth of supplies on-hand at the end of December.
  - iii) Six months of rent (\$10,000) were paid for in advance on October 1.
  - iv) \$6,000 worth of equipment was purchased on April 1 and is expected to last for 5 years (after which the owner hopes to sell the equipment for \$2,000). Use the straight-line method of depreciation.
  - v) A vehicle was purchased for \$45,000 on May 15. The vehicle is expected to depreciate at a rate of 25%. Use the declining balance method of depreciation.

*Answer:*

GENERAL JOURNAL			Page	88	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Dec	31	Insurance Expense		800.00	
		Prepaid Insurance			800.00
		\$1,200/6 months x 4 months			
	31	Supplies Expense		400.00	
		Supplies			400.00
		\$600–\$200			
	31	Rent Expense		5,000.00	
		Prepaid Rent			5,000.00
		\$10,000/6 months x 3 months			
	31	Depreciation Expense—Equipment		600.00	
		Accumulated Depreciation—Equipment			600.00
		(\$6,000–\$2,000)/5 years/12 months x 9 months			
	31	Depreciation Expense—Vehicle		7,031.25	
		Accumulated Depreciation—Vehicle			7,031.25
		\$45,000 x 0.25/12 months x 7.5 months			

## 2. Dr. Le Phang, Dentist

- a) Open the file called “Mod 9 LA 9.3 DLPD.”
- b) Journalize the following adjusting entries for the year-end (September 30, 20XX) starting on page 84 of the journal.
  - i) A \$3,000 twelve-month insurance policy was purchased on August 1.
  - ii) Dental supplies at the beginning of the year were recorded at \$400. A physical count reveals that there is still \$120 worth of dental supplies on-hand at the end of September.
  - iii) Three months of rent (\$6,000) were paid for in advance on September 1.
  - iv) \$4,000 worth of furniture was purchased on May 15 and is expected to last for 6 years, at which point it will be worthless. Use the straight-line method of depreciation.
  - v) A vehicle was purchased for \$80,000 on November 30 of the previous year. The vehicle is expected to depreciate at a rate of 25%. Use the declining-balance method of depreciation.

*Answer:*

DATE		GENERAL JOURNAL	P.R.	Page	84
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Sept.	30	Insurance Expense		500.00	
		Prepaid Insurance			500.00
		\$3,000/12 months x 2 months			
	30	Dental Supplies Expense		280.00	
		Dental Supplies			280.00
		\$400-\$120			
	30	Rent Expense		2,000.00	
		Prepaid Rent			2,000.00
		\$6,000/3 months			
	30	Depreciation Expense—Furniture		250.00	
		Accumulated Depreciation—Furniture			250.00
		\$4,000/6 years/12 months x 4.5			
	30	Depreciation Expense—Vehicle		16,666.67	
		Accumulated Depreciation—Vehicle			16,666.67
		\$80,000 x 0.25/12 months x 10 months			

## Learning Activity 9.4

### 1. Blue Grass Lawn Care

- a) Open the file called “Mod 9 LA 9.4 BGLC.”
- b) Complete the worksheet for December 31, 20XX. The monthly adjustments are as follows:
  - i) Supplies at the beginning of the month were recorded at \$625. A physical count reveals that there is still \$400 worth of supplies on-hand at the end of the month.
  - ii) A \$2,200 twelve-month insurance policy was purchased on September 1.
  - iii) Three months of rent (\$1,000) were paid for in advance on December 1.
  - iv) \$22,000 worth of equipment was purchased on February 1 and is expected to last for 6 years (after which the owner hopes to sell the equipment for \$4,000). Use the straight-line method of depreciation.
- c) Journalize the required entries on page 95.

*Answer:*

Blue Grass Lawn Care									
Worksheet									
For the Month Ended December 31, 2016									
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		ADJUSTMENTS		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	7,000.00						7,000.00	
Accounts Receivable	110	1,500.00						1,500.00	
Supplies	112	625.00			225.00	(a)		400.00	
Prepaid Insurance	113	1,650.00			183.33	(b)		1,466.67	
Prepaid Rent	114	1,000.00			333.33	(c)		666.67	
Equipment	116	22,000.00						22,000.00	
Accumulated Depreciation—Equipment	125		2,750.00		250.00	(d)			3,000.00
Accounts Payable	200		1,000.00						1,000.00
Bank Loan Payable	210		5,000.00						5,000.00
M. Clemmons, Capital	300		25,245.00						25,245.00
M. Clemmons, Drawings	310	1,000.00							1,000.00
Lawn Maintenance Revenue	400		2,000.00				2,000.00		
Landscaping Revenue	410		1,500.00				1,500.00		
Advertising Expense	500	200.00					200.00		
Depreciation Expense—Equipment	505	—		250.00	(d)		250.00		
Gas Expense	510	300.00					300.00		
Insurance Expense	515	—		183.33	(c)		183.33		
Phone Expense	520	120.00					120.00		
Rent Expense	524	—		333.33	(b)		333.33		
Supplies Expense	528	—		225.00	(a)		225.00		
Utilities Expense	530	100.00					100.00		
Wages Expense	540	2,000.00					2,000.00		
		37,495.00	37,495.00	991.66	991.66	3,711.66	3,500.00	34,033.34	34,245.00
Net Loss							211.66	211.66	
						3,711.66	3,711.66	34,245.00	34,245.00

GENERAL JOURNAL			Page	95	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Dec	31	Supplies Expense		225.00	
		Supplies			225.00
		\$625-\$400			
	31	Insurance Expense		183.33	
		Prepaid Insurance			183.33
		\$2,200/12 months			
	31	Rent Expense		333.33	
		Prepaid Rent			333.33
		\$1,000/3 months			
	31	Depreciation Expense—Equipment		250.00	
		Accumulated Depreciation—Equipment			250.00
		(\$22,000-\$4,000)/6 years/12 months			

## 2. Dr. Le Phang, Dentist

- a) Open the file called “Mod 9 LA 9.4 DLPD.”
- b) Complete the worksheet for October 31, 20XX. The year-end adjustments are as follows:
  - i) Dental Supplies at the beginning of the year were recorded at \$2,500. A physical count reveals that there is still \$300 worth of dental supplies on-hand at the end of the year.
  - ii) A twelve-month insurance policy was purchased on December 1 of the previous year for \$4,400.
  - iii) \$14,000 worth of equipment was purchased on June 1 and is expected to last for 6 years, at which point it will be worthless. Use the straight-line method of depreciation.
  - iv) Furniture was purchased for \$13,000 on July 15. The furniture is expected to depreciate at a rate of 15%. Use the declining balance method of depreciation.
- c) Journalize the required entries on page 90.

*Answer:*

Dr. Le Phang, Dentist									
Worksheet									
For the Month Ended October 31, 20xx									
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		ADJUSTMENTS		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	8,100.00						8,100.00	
Accounts Receivable	110	2,000.00						2,000.00	
Dental Supplies	120	2,500.00			2,200.00	(a)		300.00	
Prepaid Insurance	125	4,400.00			4,033.33	(b)		366.67	
Equipment	130	14,000.00						14,000.00	
Accumulated Depreciation—Equipment	135				972.22	(c)			972.22
Furniture	140	13,000.00						13,000.00	
Accumulated Depreciation—Furniture	145				568.75	(d)			568.75
Building	150	45,000.00						45,000.00	
Land	160	25,000.00						25,000.00	
Accounts Payable	200		11,525.00						11,525.00
Bank Loan Payable	210		6,500.00						6,500.00
Mortgage Payable	220		40,000.00						40,000.00
L. Phang, Capital	300		56,870.00						56,870.00
L. Phang, Drawings	310	10,000.00						10,000.00	
Dental Fees	400		15,000.00				15,000.00		
Advertising Expense	500	1,500.00					1,500.00		
Cable Expense	510	65.00					65.00		
Dental Supplies Expense	520	—		2,200.00	(a)	2,200.00			
Depreciation Expense—Equipment	524	—		972.22	(c)	972.22			
Depreciation Expense—Furniture	528	—		568.75	(d)	568.75			
Insurance Expense	530	—		4,033.33	(b)	4,033.33			
Office Cleaning Expense	540	300.00					300.00		
Salaries Expense	550	3,750.00					3,750.00		
Telephone/Internet Expense	560	120.00					120.00		
Utilities Expense	570	160.00					160.00		
		129,895.00	129,895.00	7,774.30	7,774.30	13,669.30	15,000.00	117,766.67	116,435.97
Net Income						1,330.70			1,330.70
						15,000.00	15,000.00	117,766.67	117,766.67

GENERAL JOURNAL			Page	90	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Oct	31	Dental Supplies Expense		2,200.00	
		Supplies			2,200.00
		\$2,500–\$300			
	31	Insurance Expense		4,033.33	
		Prepaid Insurance			4,033.33
		\$4,400/12 months x 11 months			
	31	Depreciation Expense—Equipment		972.22	
		Accumulated Depreciation—Equipment			972.22
		\$14,000/6 years/12 months x 5 months			
	31	Depreciation Expense—Furniture		568.75	
		Accumulated Depreciation—Furniture			568.75
		\$13,000 x 0.15/12 months x 3.5 months			

## MODULE 9 SUMMARY

Congratulations on completing Module 9, the last module in this course! You now know how to calculate and record adjustments for prepaid expenses and for depreciation. In addition, you have learned how to prepare an eight-column worksheet.

It is important that you complete Assignment 9.1 and get ready to write your final examination.



### Submitting Your Assignments

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It is now time for you to submit Assignment 9.1 to the Distance Learning Unit so that you can receive some feedback on how you are doing in this course. Remember that you must submit all the assignments in this course before you can receive your credit.

Make sure you have completed all parts of your Module 9 assignment and organize your material in the following order:

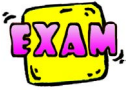
- Module 9 Cover Sheet (found at the end of the course Introduction)
- Assignment 9.1
  - Excel File “Mod 9 A1”
    - Journal (Clean Sweep)
    - Worksheet (Snips Hair Care)
    - Journal (Snips Hair Care)

For instructions on submitting your assignment, refer to How to Submit Assignments in the course introduction.

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## Final Examination



Congratulations, you have completed the course. The final examination is out of 100 marks and worth 25% of your final mark. In order to do well on this examination, you should review all of your learning activities and assignments from Modules 1 to 9.

You will complete this examination while being supervised by a proctor. You should already have made arrangements to have the examination sent to the proctor from the Distance Learning Unit. If you have not yet made arrangements to write it, then do so now. The instructions for doing so are provided in the Introduction to this module.

You will need to bring the following items to the examination: pens/pencils and scrap paper. A maximum of 2.5 hours is available to complete your final examination. When you have completed it, the proctor will then forward it for assessment. Good luck!

### How to Study for Your Final Examination

To do well on your final examination, you should review all the work you have completed in Modules 1 to 9, including all learning activities and assignments.

The questions on the final examination are set up exactly like the learning activities and the assignments. In other words, you will be asked to do the same tasks on three separate occasions—on the learning activities, the assignments, and the final examination.



GRADE 11 ACCOUNTING  
ESSENTIALS (30S)

Module 9  
Recording Adjustments

Learning Activity Answer Key



## MODULE 9: RECORDING ADJUSTMENTS

### Learning Activity 9.1

#### 1. Blue Grass Lawn Care

- a) Open the file called “Mod 9 LA 9.1 BGLC.”
- b) Journalize the following transactions on October 1 (starting on page 85 of the journal).
  - i) Purchased supplies for \$300; paid with cash.
  - ii) Paid \$2,400 for six months of rent to store excess equipment.
  - iii) Paid \$600 on a six-month insurance policy for storing the equipment.
- c) Journalize the following adjusting entries for **the month** of October.
  - i) On October 31, \$50 of supplies is on-hand. Adjust the Supplies account.
  - ii) Adjust rent.
  - iii) Adjust insurance.

Answer:

GENERAL JOURNAL			Page	85	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Oct	1	Supplies		300.00	
		Cash			300.00
		Purchased supplies			
	1	Prepaid Rent		2,400.00	
		Cash			2,400.00
		Six months of rent			
	1	Prepaid Insurance		600.00	
		Cash			600.00
		Six month policy			
		<b>Adjusting Entries</b>			
	31	Supplies Expense		250.00	
		Supplies			250.00
		\$300-\$50			
	31	Rent Expense		400.00	
		Prepaid Rent			400.00
		\$2,400/6 months			
	31	Insurance Expense		100.00	
		Prepaid Insurance			100.00
		\$600/6 months			

**2. Dr. Le Phang, Dentist**

- a) Open the file called "Mod 9 LA 9.1 DLPD."
- b) Journalize the following transactions on April 1 (starting on page 82 of the journal).
  - i) Purchased dental supplies for \$800 with cash.
  - ii) Paid \$3,600 for three months of rent.
  - iii) Paid \$1,800 for a twelve-month insurance policy.
- c) Journalize the following adjusting entries for the month of April.
  - i) On April 30, \$150 of dental supplies is on-hand. Adjust the Dental Supplies account.
  - ii) Adjust rent.
  - iii) Adjust insurance.

Answer:

GENERAL JOURNAL			Page	82	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Apr	1	Dental Supplies		800.00	
		Cash			800.00
		Purchased dental supplies			
	1	Prepaid Rent		3,600.00	
		Cash			3,600.00
		Three months of rent			
	1	Prepaid Insurance		1,800.00	
		Cash			1,800.00
		Twelve month policy			
		<b>Adjusting Entries</b>			
	30	Supplies Supplies Expense		650.00	
		Dental Supplies			650.00
		\$800-\$150			
	30	Rent Expense		1,200.00	
		Prepaid Rent			1,200.00
		\$3,600/3 months			
	30	Insurance Expense		150.00	
		Prepaid Insurance			150.00
		\$1,800/12 months			

## Learning Activity 9.2

### 1. Blue Grass Lawn Care

- a) Open the file called “Mod 9 LA 9.2 BGLC.”
- b) Journalize the following adjusting entries for the month of October (starting on page 87 of the journal).
  - i) \$6,500 worth of equipment was purchased on October 1, and is expected to last for seven years. Using the straight line method of depreciation, determine the amount of depreciation for the month of October.
  - ii) \$4,000 worth of furniture was purchased on October 1, and is expected to last for seven years. After the seven years, the furniture will be worth \$500. Using the straight line method of depreciation, determine the amount of depreciation for the month of October.
  - iii) A vehicle was purchased for \$50,000 on October 1. The vehicle is expected to depreciate at a rate of 30%. Record the adjusting entry for the months of October, November, and December (you will have three journal entries in total).

*Answer:*

GENERAL JOURNAL			Page	87	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Oct	31	Depreciation Expense—Equipment		77.38	
		Accumulated Depreciation—Equipment			77.38
		\$6,500/7 years/12 months			
	31	Depreciation Expense—Furniture		41.67	
		Accumulated Depreciation—Furniture			41.67
		(\$4,000–\$500)/7 years/12 months			
	31	Depreciation Expense—Vehicle		1250.00	
		Accumulated Depreciation—Vehicle			1250.00
		\$50,000 x 0.3/12 months			
Nov	30	Depreciation Expense—Vehicle		1218.75	
		Accumulated Depreciation—Vehicle			1218.75
		(\$50,000–\$1,250) x 0.3/12 months			
Dec	31	Depreciation Expense—Vehicle		1188.28	
		Accumulated Depreciation—Vehicle			1188.28
		(\$50,000–\$1,250–\$1,218.75) x 0.3/12 months			



## 2. Dr. Le Phang, Dentist

- a) Open the file called “Mod 9 LA 9.2 DLPD.”
- b) Journalize the following adjusting entries for the month of April (starting on page 83 of the journal).
  - i) \$4,000 worth of furniture was purchased on April 1, and is expected to last for seven years. After the seven years, the furniture will be worth \$500. Using the straight line method of depreciation, determine the amount of depreciation for the month of April.
  - ii) \$6,200 worth of equipment was purchased on April 1 and is expected to last for five years. Using the straight-line method of depreciation, determine the amount of depreciation for the month of April.
  - iii) A vehicle was purchased for \$50,000 on April 1. The vehicle is expected to depreciate at a rate of 30%. Record the adjusting entry for the months of April, May, and June (you will have three journal entries in total).

*Answer:*

DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Apr	30	Depreciation Expense—Furniture		41.67	
		Accumulated Depreciation—Furniture			41.67
		(\$4,000–\$500)/7 years/12 months			
	30	Depreciation Expense—Equipment		103.33	
		Accumulated Depreciation—Equipment			103.33
		\$6,200/5 years/12 months			
	30	Depreciation Expense—Vehicle		1,250.00	
		Accumulated Depreciation—Vehicle			1,250.00
		\$50,000 x 0.3/12 months			
May	31	Depreciation Expense—Vehicle		1,218.75	
		Accumulated Depreciation—Vehicle			1,218.75
		(\$50,000–\$1,250) x 0.3/12 months			
Jun	30	Depreciation Expense—Vehicle		1,188.28	
		Accumulated Depreciation—Vehicle			1,188.28
		(\$50,000–\$1,250–\$1,218.75) x 0.3/12 months			

## Learning Activity 9.3

### 1. Blue Grass Lawn Care

- a) Open the file called “Mod 9 LA 9.3 BGLC.”
- b) Journalize the following adjusting entries for the year-end (December 31, 20XX) starting on page 88 of the journal.
  - i) A \$1,200 six-month insurance policy was purchased on September 1.
  - ii) Supplies at the beginning of the year were recorded at \$600. A physical count reveals that there is still \$200 worth of supplies on-hand at the end of December.
  - iii) Six months of rent (\$10,000) were paid for in advance on October 1.
  - iv) \$6,000 worth of equipment was purchased on April 1 and is expected to last for 5 years (after which the owner hopes to sell the equipment for \$2,000). Use the straight-line method of depreciation.
  - v) A vehicle was purchased for \$45,000 on May 15. The vehicle is expected to depreciate at a rate of 25%. Use the declining balance method of depreciation.

*Answer:*

GENERAL JOURNAL			Page	88	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Dec	31	Insurance Expense		800.00	
		Prepaid Insurance			800.00
		\$1,200/6 months x 4 months			
	31	Supplies Expense		400.00	
		Supplies			400.00
		\$600–\$200			
	31	Rent Expense		5,000.00	
		Prepaid Rent			5,000.00
		\$10,000/6 months x 3 months			
	31	Depreciation Expense—Equipment		600.00	
		Accumulated Depreciation—Equipment			600.00
		(\$6,000–\$2,000)/5 years/12 months x 9 months			
	31	Depreciation Expense—Vehicle		7,031.25	
		Accumulated Depreciation—Vehicle			7,031.25
		\$45,000 x 0.25/12 months x 7.5 months			

## 2. Dr. Le Phang, Dentist

- a) Open the file called “Mod 9 LA 9.3 DLPD.”
- b) Journalize the following adjusting entries for the year-end (September 30, 20XX) starting on page 84 of the journal.
  - i) A \$3,000 twelve-month insurance policy was purchased on August 1.
  - ii) Dental supplies at the beginning of the year were recorded at \$400. A physical count reveals that there is still \$120 worth of dental supplies on-hand at the end of September.
  - iii) Three months of rent (\$6,000) were paid for in advance on September 1.
  - iv) \$4,000 worth of furniture was purchased on May 15 and is expected to last for 6 years, at which point it will be worthless. Use the straight-line method of depreciation.
  - v) A vehicle was purchased for \$80,000 on November 30 of the previous year. The vehicle is expected to depreciate at a rate of 25%. Use the declining-balance method of depreciation.

*Answer:*

DATE		GENERAL JOURNAL	P.R.	Page	84
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Sept.	30	Insurance Expense		500.00	
		Prepaid Insurance			500.00
		\$3,000/12 months x 2 months			
	30	Dental Supplies Expense		280.00	
		Dental Supplies			280.00
		\$400-\$120			
	30	Rent Expense		2,000.00	
		Prepaid Rent			2,000.00
		\$6,000/3 months			
	30	Depreciation Expense—Furniture		250.00	
		Accumulated Depreciation—Furniture			250.00
		\$4,000/6 years/12 months x 4.5			
	30	Depreciation Expense—Vehicle		16,666.67	
		Accumulated Depreciation—Vehicle			16,666.67
		\$80,000 x 0.25/12 months x 10 months			

## Learning Activity 9.4

### 1. Blue Grass Lawn Care

- a) Open the file called “Mod 9 LA 9.4 BGLC.”
- b) Complete the worksheet for December 31, 20XX. The monthly adjustments are as follows:
  - i) Supplies at the beginning of the month were recorded at \$625. A physical count reveals that there is still \$400 worth of supplies on-hand at the end of the month.
  - ii) A \$2,200 twelve-month insurance policy was purchased on September 1.
  - iii) Three months of rent (\$1,000) were paid for in advance on December 1.
  - iv) \$22,000 worth of equipment was purchased on February 1 and is expected to last for 6 years (after which the owner hopes to sell the equipment for \$4,000). Use the straight-line method of depreciation.
- c) Journalize the required entries on page 95.

*Answer:*

Blue Grass Lawn Care									
Worksheet									
For the Month Ended December 31, 2016									
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		ADJUSTMENTS		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	7,000.00						7,000.00	
Accounts Receivable	110	1,500.00						1,500.00	
Supplies	112	625.00			225.00	(a)		400.00	
Prepaid Insurance	113	1,650.00			183.33	(b)		1,466.67	
Prepaid Rent	114	1,000.00			333.33	(c)		666.67	
Equipment	116	22,000.00						22,000.00	
Accumulated Depreciation—Equipment	125		2,750.00		250.00	(d)			3,000.00
Accounts Payable	200		1,000.00						1,000.00
Bank Loan Payable	210		5,000.00						5,000.00
M. Clemmons, Capital	300		25,245.00						25,245.00
M. Clemmons, Drawings	310	1,000.00							1,000.00
Lawn Maintenance Revenue	400		2,000.00				2,000.00		
Landscaping Revenue	410		1,500.00				1,500.00		
Advertising Expense	500	200.00					200.00		
Depreciation Expense—Equipment	505	—		250.00	(d)		250.00		
Gas Expense	510	300.00					300.00		
Insurance Expense	515	—		183.33	(c)		183.33		
Phone Expense	520	120.00					120.00		
Rent Expense	524	—		333.33	(b)		333.33		
Supplies Expense	528	—		225.00	(a)		225.00		
Utilities Expense	530	100.00					100.00		
Wages Expense	540	2,000.00					2,000.00		
		37,495.00	37,495.00	991.66	991.66		3,711.66	3,500.00	34,033.34
Net Loss							211.66	211.66	
							3,711.66	3,711.66	34,245.00

GENERAL JOURNAL			Page	95	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Dec	31	Supplies Expense		225.00	
		Supplies			225.00
		\$625-\$400			
	31	Insurance Expense		183.33	
		Prepaid Insurance			183.33
		\$2,200/12 months			
	31	Rent Expense		333.33	
		Prepaid Rent			333.33
		\$1,000/3 months			
	31	Depreciation Expense—Equipment		250.00	
		Accumulated Depreciation—Equipment			250.00
		(\$22,000-\$4,000)/6 years/12 months			

## 2. Dr. Le Phang, Dentist

- a) Open the file called “Mod 9 LA 9.4 DLPD.”
- b) Complete the worksheet for October 31, 20XX. The year-end adjustments are as follows:
  - i) Dental Supplies at the beginning of the year were recorded at \$2,500. A physical count reveals that there is still \$300 worth of dental supplies on-hand at the end of the year.
  - ii) A twelve-month insurance policy was purchased on December 1 of the previous year for \$4,400.
  - iii) \$14,000 worth of equipment was purchased on June 1 and is expected to last for 6 years, at which point it will be worthless. Use the straight-line method of depreciation.
  - iv) Furniture was purchased for \$13,000 on July 15. The furniture is expected to depreciate at a rate of 15%. Use the declining balance method of depreciation.
- c) Journalize the required entries on page 90.

*Answer:*

Dr. Le Phang, Dentist									
Worksheet									
For the Month Ended October 31, 20xx									
ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE		ADJUSTMENTS		INCOME STATEMENT		BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	100	8,100.00						8,100.00	
Accounts Receivable	110	2,000.00						2,000.00	
Dental Supplies	120	2,500.00			2,200.00	(a)		300.00	
Prepaid Insurance	125	4,400.00			4,033.33	(b)		366.67	
Equipment	130	14,000.00						14,000.00	
Accumulated Depreciation—Equipment	135				972.22	(c)			972.22
Furniture	140	13,000.00						13,000.00	
Accumulated Depreciation—Furniture	145				568.75	(d)			568.75
Building	150	45,000.00						45,000.00	
Land	160	25,000.00						25,000.00	
Accounts Payable	200		11,525.00						11,525.00
Bank Loan Payable	210		6,500.00						6,500.00
Mortgage Payable	220		40,000.00						40,000.00
L. Phang, Capital	300		56,870.00						56,870.00
L. Phang, Drawings	310	10,000.00						10,000.00	
Dental Fees	400		15,000.00				15,000.00		
Advertising Expense	500	1,500.00					1,500.00		
Cable Expense	510	65.00					65.00		
Dental Supplies Expense	520	—		2,200.00	(a)	2,200.00			
Depreciation Expense—Equipment	524	—		972.22	(c)	972.22			
Depreciation Expense—Furniture	528	—		568.75	(d)	568.75			
Insurance Expense	530	—		4,033.33	(b)	4,033.33			
Office Cleaning Expense	540	300.00					300.00		
Salaries Expense	550	3,750.00					3,750.00		
Telephone/Internet Expense	560	120.00					120.00		
Utilities Expense	570	160.00					160.00		
		129,895.00	129,895.00	7,774.30	7,774.30	13,669.30	15,000.00	117,766.67	116,435.97
Net Income						1,330.70			1,330.70
						15,000.00	15,000.00	117,766.67	117,766.67

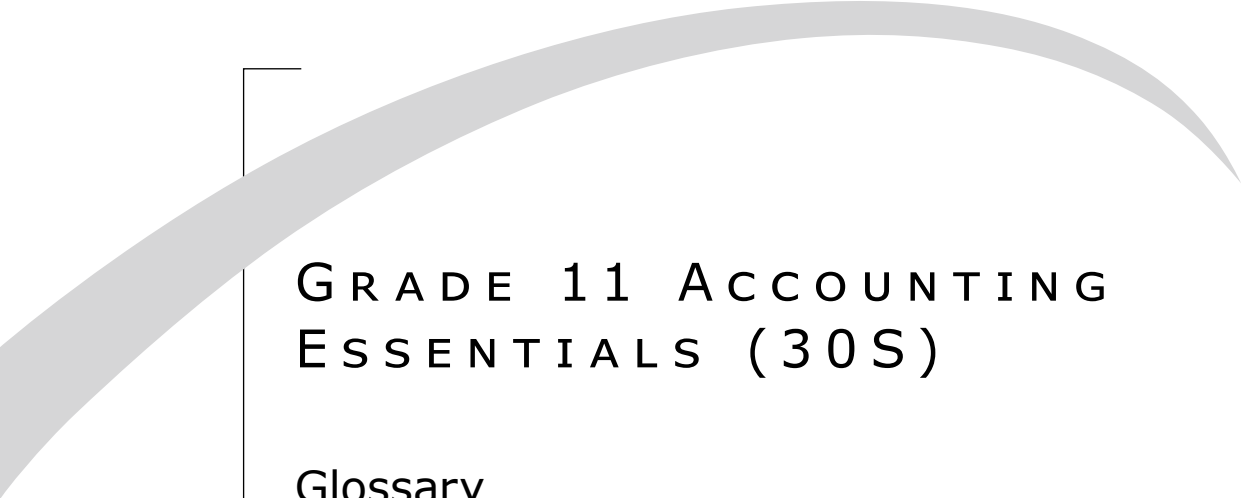
GENERAL JOURNAL			Page	90	
DATE		PARTICULARS	P.R.	DEBIT	CREDIT
20xx					
Oct	31	Dental Supplies Expense		2,200.00	
		Supplies			2,200.00
		\$2,500–\$300			
	31	Insurance Expense		4,033.33	
		Prepaid Insurance			4,033.33
		\$4,400/12 months x 11 months			
	31	Depreciation Expense—Equipment		972.22	
		Accumulated Depreciation—Equipment			972.22
		\$14,000/6 years/12 months x 5 months			
	31	Depreciation Expense—Furniture		568.75	
		Accumulated Depreciation—Furniture			568.75
		\$13,000 x 0.15/12 months x 3.5 months			

## **Supporting Videos for Grade 11 Accounting**

### Module 9

1. [Video - 300 Adjusting Journal Entry Thought Process](#)
2. [Video - Basics of Accounting: Adjusting Entries](#)
3. [Video - How to Prepare Adjusting Entries Accounting Principles](#)
4. [Video - Types of Adjusting Journal Entries: Adjusting Journal Entry](#)





GRADE 11 ACCOUNTING  
ESSENTIALS (30S)

Glossary



# GLOSSARY

**account**

the name of a business asset, liability, expense, or revenue

**account balance**

the difference between the total on the debit side and the total on the credit side of the account

**accounting cycle**

the set of accounting procedures completed in each accounting period for all accounting systems

**accounting period**

a period of time covered by the financial statements

**accounts payable subsidiary ledger**

a group of accounts grouped together to record all accounts payable

**accounts receivable subsidiary ledger**

a group of accounts grouped together to record all accounts receivable

**accumulated depreciation**

the amount an asset has depreciated to date

**adjustments**

journal entries that are made in order to bring accounts up-to-date before preparing financial statements

**asset**

anything of value owned by a business or an individual

**balance sheet**

a document that shows the financial position of a company at a specific date

**business entity principle**

an accounting standard that states that all businesses have to keep their finances separate from the personal finances of the owners

**Canada Pension Plan (CPP)**

Federal legislation requires that all employees (between 18 and 70 years of age) make payroll contributions to the Canada Pension Plan. Once an employee retires, they will receive a monthly payment (pension) to help pay for their living costs.

**cancelled cheques**

those that are voided by endorsement, which means they have been paid up by the bank and cannot be renegotiated

**capital**

the amount of money that an owner brings into the business. Also known as net worth

**cash float**

a set amount of money that is put into a cash register at the beginning of a shift to allow the employee to give change

**cash register tape**

a continuous record of all transactions during the day

**chart of accounts**

a list of a business' account names and numbers

**cheque**

an order for money that is payable to the bearer drawn on a bank/credit union

**classified balance sheet**

a balance sheet that categorizes assets and liabilities

**close out procedure**

the steps that must be completed at the end of a shift in order to make sure all the money is accounted for

**closing the ledger (closing the books)**  
reducing the revenue, expenses, and drawings accounts to zero at the end of an accounting period

**compound entry**  
an entry that has more than one debit or more than one credit.

**compulsory deductions**  
deductions that are required by law: Income tax, Canada Pension Plan, Employment Insurance, and Union dues (if you belong to a union)

**control account**  
the main account that a subsidiary ledger links to

**cost principle**  
an accounting standard that states that assets must be listed on the balance sheet in the amount of their original cost

**credit**  
right side of an account

**credit cards**  
allows the purchaser to buy now and pay later

**credit memo**  
notification when money has been added to the bank, credit union, or other financial institution account

**current assets**  
assets expected to be converted into cash within one year of the balance sheet date

**current liabilities**  
debts owing which will be due within one year of the balance sheet date

**debit**  
left side of an account

**debit cards**  
allows the purchaser to buy now and pay now

**debit memo**  
notification when the bank, credit union, or other financial institution has removed money from an account

**declining-balance method**  
a method used to calculate depreciation whereby the amount of depreciation decreases little by little at the end of each period

**deposit**  
a sum of money placed in a bank, credit union, or other financial institution

**depreciation**  
the division of the initial cost of an asset over a period of time

**drawings**  
an account that records the withdrawal of assets by the owner for his/her personal use

**electronic funds transfer systems**  
enable depositors to transfer money in and out of their bank, credit union, or other financial institution accounts instead of depositing funds in the bank or writing cheques

**electronic vouchers**  
a continuous record of all transactions during the day which eliminates paper handling

**embezzlement**  
a theft of assets that is concealed by falsifying accounting records

**employee fraud**  
dishonest acts performed by employees

**Employment Insurance (EI)**  
a plan that provides income to those workers who become unemployed

**endorsement to an account**

a stamp or a handwritten note on the back of a cheque that ensures the money only goes into the correct account

**ethics**

standards of conduct that society believes people should follow

**expense**

the costs of items or services used in the routine operation of a business

**expense recognition principle**

an accounting standard where expenses must be recognized and recorded at the time when the expenses are incurred in order to create revenue

**extended insurance**

provides benefits not covered by provincial plans

**fixed assets**

long-lived, operating assets used within the business to generate revenue for several years beyond the balance sheet date

**fraud**

the deliberate misrepresentation of facts with the intent of deceiving someone

**general journal**

a book in which all parts of a transaction are recorded in one place. Also known as the book of original entry

**general ledger**

a book that shows the current balance of all the accounts and the separate entries made to the accounts by date

**gross earnings**

an employee's earnings before deductions

**group life insurance**

an insurance plan provided by employers. The premiums (a regular payment an employee makes) for the insurance policy are much lower than regular insurance policies

**income statement**

a financial statement showing net income or net loss for a specific period of time

**income summary account**

a holding account to hold the revenue account balances and then the expense account balances

**ledger**

a group of accounts

**liability**

money owed to others

**long-term liabilities**

debts that normally are not due to be paid within one year of the balance sheet date

**matching principle**

an accounting standard where a business must match its revenue against its expenses for a specific accounting period

**money orders**

a convenient and safe way to send money in the mail

**net claim code**

used by the employer or payer to determine how much tax should be deducted from each pay cheque

**net earnings**

(see net pay)

**net income**

the difference between revenue and expenses when revenue is greater than expenses

**net loss**

the difference between revenue and expenses when expenses are greater than revenue

**net pay (net earnings)**

the balance remaining after deductions have been subtracted from gross earnings

**net worth**

the amount of money that an owner brings into the business; also known as capital

**non-refundable tax credits**

amounts of income on which income tax is not paid

**NSF cheque**

a cheque that does not have sufficient funds to cover payment and which, for that reason, is not honoured

**objectivity principle**

an accounting standard that states that a business only records a transaction when there is written proof that the transaction occurred

**opening entry**

the transaction recorded in the general journal when a business first begins operation

**outstanding cheques**

those cheques that have been written by the payee but have not yet cleared the bank for payment

**overage**

more cash in the register than there should be

**payroll**

a list of employees and the amount of money to be paid to them

**payroll register**

an accounting form used to record and calculate payroll earnings and deductions

**permanent accounts**

accounts whose balances are carried forward from one accounting period to the next

**petty cash account**

a current asset that is debited when the petty cash fund is established or increased

**petty cash proof**

a categorized list of the expenditures supported by the petty cash vouchers

**petty cash system**

a system designed to control small expenditures

**petty cash voucher**

a signed authorization for small payments

**prepaid expense**

an item paid for in advance

**point of sale terminal**

an electronic cash register connected to a computer

**posting**

copying transactions from the general journal to the general ledger

**recognition principle**

an accounting standard where revenue must be recorded as earned revenue at the time of sale, regardless of whether that sale was made by cash or by credit

**reconciliation statement**

used to determine the correct cash balance in a bank, credit union, or other financial institution account

**Registered Retirement Plan (RRP)**

provides pension benefits to employees upon retirement

**revenue**

the amount earned by a business through the sale of goods or services

**salary**

a set amount of pay for a specified period of time

**schedule of accounts**

a list of accounts that are recorded in a subsidiary ledger

**service charges**

fees for various services that banks, credit unions, and other financial institutions offer to their customers

**shortage**

less cash in the register than there should be

**signing authority**

a procedure that allows only certain people the authority to sign cheques on behalf of a business

**source documents**

business forms that contain evidence of business transactions on a certain date. They can include sales invoices, purchase invoices, cash receipts, and cheques

**straight-line method**

a method used to calculate depreciation whereby the same amount of depreciation is recorded at the end of each period

**subsidiary ledger**

a group of similar accounts that are recorded together

**T-account**

a location to record business transactions affecting a particular account

**temporary accounts**

accounts whose balances are closed to a zero balance at the end of each accounting period

**time period principle**

an Accounting Standard that states that a business must consistently use the same time period for its financial records

**trial balance**

a list of the ledger account balances

**union dues**

fees paid to the union to cover costs. It is a condition of employment for all employees who are members of the union

**voluntary deductions**

special deductions that an employee may request the employer make, such as group life insurance, extended insurance, and registered pension plans

**wages**

based on a set, hourly rate for each hour worked

**worksheet**

a document accountants use to record all of the accounts before creating other financial statements

