

#TomorrowsProfessionals

Merchandising

Date	Assets =			Liabilities +	Equity							
					Owners Capital +		Retained Earnings					
							Profit -					
							Revenues -		Expenses			
July 1st												
July 2nd												
July 3rd												
July 7th												
July 8th												
July 9th												
July 9th												
July 10th												
July 11th												
July 13th												
July 13th												
July 14th												
July 17th												
July 18th												
July 19th												
July 21st												
July 22nd												
July 23rd												
July 23rd												
July 24th												
July 27th												
July 28th												
Total												



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-	-	-
		-
		-



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PQ2-4

Description	Amount	Element



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Accounts

PQMR-9

You start a business designing websites on October 1, 2021, called Websites NOW. You have designed a number of websites in the past and think this may be a way to earn some extra cash during your years at university. You will be using your existing computer equipment so you don't need to purchase anything but supplies such as ink cartridges and paper. You plan to attend networking events for entrepreneurs to advertise your services. It is now October 31, 2021, the end of your first month of operations.

1. You invest \$2,500 of cash into the business.
2. Borrowed \$2,000 from your parents to help start the business. You do not have to pay it back for 2 years and they are not charging you interest.
3. You open a business bank account at the local TD Bank®. You will be charged \$22 at the end of every month. The bank account comes with a free (no annual fee) TD Bank Mastercard business credit card in your name.
4. Using a credit card, you registered a business name with Service Ontario, \$60.
5. You purchase a 1 year general liability insurance policy for \$600 plus 8% sales tax. You pay using cash.
6. Purchased supplies that will be used in the future for \$400 plus HST using your credit card.
7. Purchased 3,000 business cards from Staples for \$200 plus HST using your credit card.
8. Produced 2,000 flyers advertising your business. The cost of the flyers was \$0.05 each plus HST. You pay using your credit card.
9. Register for the Toronto Entrepreneurs Conference, Standard Exhibitor, \$600, plus additional charges for Wireless Internet and Electricity (\$50 each). They also charge you HST. The event will run next month, from November 4th, 2021. You pay with your credit card.
10. Advertise your business on Kijiji, reposting the ad daily to ensure it has a top spot.
11. Distributed one-third of all your flyers and business cards at various government offices which cater to new businesses.
12. Design and complete 2 websites for customers. Received cash from customers for services provided, \$2,450.
13. Design and complete a website for one customer who has not, as yet, paid (\$950). You have sent the customer an invoice and will follow up early next month.
14. At the end of the period you had \$275 of supplies left.
15. Your cell phone costs \$112 (including all taxes). You used your cell phone 75% for business purposes and pay for that portion out of your business bank account using cash.
16. Your parents charge you \$250 for use of the space for your business plus \$100 for the utilities and internet access you used over the month. You pay them in cash.

17. A customer asks you to design her a website with the ability for customers to place orders on the website. She pays you \$500 in advance. You have not, as yet, completed any work.
18. The bank withdraws the monthly banking fee from your business bank account.
19. You have used up one month of your insurance.
20. You want to set aside the amount you will need for income taxes so that, when you file your tax return, you are not caught without the necessary cash. You calculate that you will pay 25% for income tax.
21. You pay \$1,250 towards your credit card but the remainder of the amount is still outstanding.

Required:

Analyze the business activities using the critical and enhancing questions. Once analyzed, record the business activities using the expanded accounting equation **and** account names. A chart has been provided for you on the next page. You don't have to print it out, but you may want to as the font will be small. It's a large chart!

A question follows the chart.



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Number	Assets =							Liabilities +				Equity								
												Owners Capital +		Retained Earnings						
														Profit -						
												Revenues -		Expenses						
1																				
2																				
3																				
4																				
5																				
6																				
7																				
8																				
9																				
10																				
11																				
12																				
13																				
14																				
15																				
16																				
17																				
18																				
19																				
20																				
<u>21</u>																				
Total																				



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Financial Statements

Account Name	Amount	Element/Activity	Financial Statement
Accounts payable	18,540		
Accounts receivable	52,350		
Additional cash received from owners	24,000		
Bank loan payable, due in 2023	27,000		
Business licence	1,080		
Cash	54,000		
Cash collected from customers	212,220		
Cash paid for dividends	26,700		
Cash paid for intangible assets	14,340		
Cash paid for interest	10,665		
Cash paid to suppliers	181,335		
Cash received from the bank	27,000		
Cash, opening balance	23,820		
Dividends	26,700		
Income tax expense	13,380		
Income tax payable	6,000		
Insurance expense	10,800		
Interest expense	10,800		
Interest payable	135		
Owners' capital	48,000		
Prepaid insurance	10,800		
Rent expense	32,460		
Retained earnings	38,235		
Salaries expense	85,500		
Service revenue	225,000		
Supplies	15,750		
Supplies expense	20,250		
Travel expense	17,100		
Deferred revenue	2,400		
Website design	14,340		



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Accounting Equation – 2



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Unknown Amounts

Total Equity, Beginning of the Year	\$136,100
Total Expenses	\$567,850
Total Equity, End of year	
Dividends	\$7,000
Total Assets, end of year	\$309,100
Owners Capital, End of year	
Total Revenues	
Total Liabilities, end of year	\$151,350
Retained Earnings, end of year	
Profit, during year	\$28,650
Owners Capital, Beginning of year	\$75,000
Retained Earnings, Beginning of the year	
Assets, beginning of the year	\$258,500
Liabilities, beginning of the year	

