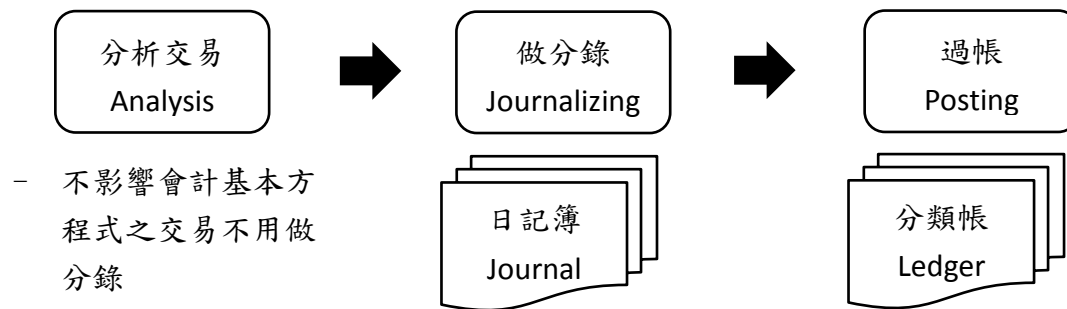


Ch2 The Recording Process II



1. During an accounting period, a business has numerous transactions affecting each of the following accounts. State for each account whether it is likely to have (a) debit entries only, (b) credit entries only, or (c) both debit and credit entries.

- | | |
|----------------------------------|--------------------------------------|
| _____ (1) Advertising Expense | _____ (6) Dividends |
| _____ (2) Service Revenue | _____ (7) Cash |
| _____ (3) Accounts Payable | _____ (8) Salaries and Wages Expense |
| _____ (4) Accounts Receivable | _____ (9) Notes Payable |
| _____ (5) Share Capital-Ordinary | _____ (10) Insurance Expense |

2. Journalize the following business transactions in general journal form. Identify each transaction by number. You may omit explanations of the transactions.

- (1) The company issues ordinary shares in exchange for £25,000 cash.
- (2) Purchased £400 of supplies on credit.
- (3) Purchased equipment for £10,000, paying £3,000 in cash and signed a 30-day, £7,000, note payable.
- (4) Real estate commissions billed to clients amount to £4,000.
- (5) Paid £700 in cash for the current month's rent.
- (6) Paid £200 cash on account for supplies purchased in transaction 2.
- (7) Received a bill for £600 for advertising for the current month.
- (8) Paid £2,200 cash for salaries.
- (9) The company paid dividends of £1,200.
- (10) Received a check for £3,000 from a client in payment on account for commissions billed in transaction 4.

3. The trial balance of Drysdale Company shown below does not balance.

DRYSDALE COMPANY

Trial Balance

June 30, 2015

	<u>Debit</u>	<u>Credit</u>
Cash	\$ 2,600	
Accounts Receivable	7,600	
Supplies	600	
Equipment	8,300	
Accounts Payable		\$ 9,766
Share Capital-Ordinary		1,952
Dividends	1,500	
Service Revenue		15,200
Salaries and Wages Expense	3,800	
Maintenance and Repairs Expense	<u>1,600</u>	
Totals	<u>\$ 26,000</u>	<u>\$26,918</u>

An examination of the ledger and journal reveals the following errors:

- Each of the above listed accounts has a normal balance per the general ledger.
- Cash of \$170 received from a customer on account was debited to Cash \$710 and credited to Accounts Receivable \$710.
- A dividend of \$300 was posted as a credit to Dividends, \$300 and credit to Cash \$300.
- A debit of \$120 was not posted to Salaries and Wages Expense.
- The purchase of equipment on account for \$700 was recorded as a debit to Maintenance and Repairs Expense and a credit to Accounts Payable for \$700.
- Services were performed on account for a customer, \$310, for which Accounts Receivable was debited \$310 and Service Revenue was credited \$31.
- A payment on account for \$225 was credited to Cash for \$225 and credited to Accounts Payable for \$252.

Ch3 Adjusting the Accounts

❖ 會計期間假設 Time Period (periodicity) Assumption

將企業生命劃分段落，定期結算、編製財務報表，提供資訊給使用者，每一段落即為一會計期間。此項假設，主要基於使用者須及時瞭解企業經營狀況之需要。

1. Interim Periods 期中期間 = Monthly / Quarterly / Semi-annual
2. Fiscal Year 會計年度 = One year in length
3. Calendar Year 曆年制 = From 1/1 to 12/31，大部分公司採用之
∴ 若是 calendar year，一定是 fiscal year

❖ Timing Issues

項目	應計基礎會計 Accrual-Basis Accounting	現金基礎會計 Cash-Basis Accounting
收入 入帳 時點	In the accounting period in which the performance obligation is satisfied (e.g., goods are provided or service is performed) ➡ 收入認列原則 Revenue Recognition Principle	實際收到(received)現金時認列收入
費用 入帳 時點	某項收益已在某一會計期間認列時，所有與該收益有關之成本(incurred)均應在同一期間計入費用 ➡ 費用認列原則 Expense Recognition Principle，又稱配合原則 Matching Principle	實際支付(paid)現金時認列費用
Note	交易事件發生(occur)時便入帳，現金收付與否不是重點!!!	非 IFRS 所允許

❖ 調整分錄 Adjusting Entries

為了使收入及費用被計入在正確的期間，因此在會計期間結束時需要做調整分錄，確保收入、費用認列原則之遵循。

Type I - Deferrals 遞延項目

1. Prepaid Expenses 預付費用

一開始支付現金(Cr. Cash)時先記錄為資產項目(Dr. Prepaid XXX)，表示公司未來會享受到某服務或收到某收入；之後隨著時間的經過（如：租金、保險費）或透過使用（如：用品）逐漸轉成費用(Dr. XXX Expense; Cr. Prepaid XXX)。

Ex 1. Supplies (用品)：有不同的種類，包括紙、筆、信封、印表機墨水等各式各樣消耗用品，透過使用而轉入費用；照理說公司每天都會使用到這些用品，但每使用一項就記錄一次有點不便且沒效率，且通常金額較小，因此公司通常在期末進行盤點，將當期所消耗的一次轉入費用。

Ex 2. Depreciation (折舊)：機器(machine)、設備(equipment)、建築物(building)、廠房(plant)等長期資產(Long-term Assets)，其預期可產生的經濟效益大於一個會計期間，公司於取得時計入資產科目，再依耐用年限(useful life，可提供經濟效益之年限)提列折舊。

(1) 通常會使用**資產抵減科目 (contra asset account)**，而非直接貸記該資產科目。

Ex: *Accumulated Depreciation – Equipment/Building/Machine...*

其正常餘額(normal balance)在**貸方**，在財務狀況表中當作**長期資產總額的減項**。

☛ 優點：可揭露原始成本(original costs)及總消耗成本(total costs consumed)

(2) Book value 帳面價值 = Original Cost – Accumulated Depreciation

2. Unearned Revenues 預收收入

一開始收到現金(Dr. Cash)時，因尚未提供相對應的服務，所以要先記為**負債項目**(Cr. Unearned XXX)，等隨著服務的提供而轉入收入(Dr. Unearned XXX; Cr. XXX Revenues)。

Deferrals	Prepaid Expense	Unearned Revenue
Examples	Supplies, Rent, Insurance, Ad., Depreciation	Deferral Revenue(Interest, Rent, Magazine Subscription,...)
Relations with Assets or Liab.	Asset–Expense	Liability–Revenue
Entry when prepayment occurs	Asset Cash(A/P)	Case(A/R) Unearned Revenue
Adjusting Entries	Expense Asset	Unearned Revenue Revenue
If don't adjust, the effect on:		
(1) Assets	Overstated	No effect
(2) Liab.	No effect	Overstated
(3) Equity	Overstated	Understated
(4) Expense	Understated	No effect
(5) Revenue	No effect	Understated
(6) Income	Overstated	Understated

Type II – Accruals 應計項目**1. Accrued Revenues 應計收入**

收入已賺得，但尚未收到現金或予以記錄。有一種是隨著時間經過而認列，如利息(interest)、租金(rent)；另一種則是公司已提供服務，但尚未開帳單(bill)給客戶。

2. Accrued Expenses 應計費用

費用已發生(incurred)，但尚未支付現金或入帳。

Accruals	Accrued Revenue	Accrued Expense
Examples	Interest revenue	Interest expense, Salaries expense
Relations with Assets or Liab.	Asset–Revenue	Liability–Expense
Entry when prepayment occurs	May not have an entry	May not have an entry
Adjusting Entries	XXX Receivable XXX Revenue	XXX Expense XXX Payable
If don't adjust, the effect on:		
(1) Assets	Understated	No effect
(2) Liab.	No effect	Understated
(3) Equity	Understated	Overstated
(4) Expense	No effect	Understated
(5) Revenue	Understated	No effect
(6) Income	Understated	Overstated

❖ **調整後試算表 Adjusted Trial Balance**：用來編製報表之基礎

1. Trench and Fog Garment Company purchased equipment on June 1 for \$108,000, paying \$24,000 cash and signing a 6%, 2-month note for the remaining balance. The equipment is expected to depreciate \$24,000 each year. Trench and Fog Garment Company prepares monthly financial statements.

Instructions

- (a) Prepare the general journal entry to record the acquisition of the equipment on June 1st.
- (b) Prepare any adjusting journal entries that should be made on June 30th.
- (c) Show how the equipment will be reflected on Trench and Fog Garment Company's statement of financial position on June 30th.

2. For each of the following transactions below, prepare the journal entry (if one is required) to record the initial transaction and then prepare the adjusting entry, if any, required on September 30, the end of the fiscal year.
- (a) On September 1, paid rent on the track facility for three months, \$210,000.
 - (b) On September 1, sold season tickets for admission to the racetrack. The racing season is year-round with 25 racing days each month. Season ticket sales totaled \$840,000.
 - (c) On September 1, borrowed \$300,000 from First National Bank by issuing a 9% note payable due in three months.
 - (d) On September 5, schedules for 20 racing days in September, 25 racing days in October, and 15 racing days in November were printed for \$3,000.
 - (e) The accountant for the concessions company reported that gross receipts for September were \$160,000. Ten percent is due to the track and will be remitted by October 10.

3. The worksheet for Boone Mailing Center appears below. Using the adjustment data below, complete the worksheet. Add any accounts that are necessary.

Adjustment data:

- (a) Prepaid rent expired during August, \$2.
 (b) Depreciation expense on equipment for the month of August, \$8.
 (c) Supplies on hand on August 31 amounted to \$4.
 (d) Salaries and wages expense incurred at August 31 but not yet paid amounted to \$12.

BOONE MAILING CENTER										
Worksheet										
For the Month Ended August 31, 2015										
<u>Account Titles</u>	<u>Trial Balance</u>		<u>Adjustments</u>		<u>Adj TB</u>		<u>I/S</u>		<u>SFP</u>	
	<u>Debit</u>	<u>Credit</u>	<u>Debit</u>	<u>Credit</u>	<u>Debit</u>	<u>Credit</u>	<u>Debit</u>	<u>Credit</u>	<u>Debit</u>	<u>Credit</u>
Cash	20									
Accounts Receivable	12									
Prepaid Rent	8									
Supplies	10									
Equipment	50									
Accum. Depreciation—										
Equipment		10								
Accounts Payable		20								
Share Capital-Ordinary		15								
Dividends	2									
Service Revenue		77								
Depreciation Expense	6									
Rent Expense	4									
Retained Earnings		10								
Salaries/Wages Expense	<u>20</u>	<u> </u>								
Totals	<u>132</u>	<u>132</u>								
Supplies Expense										
Salaries/Wages Payable			<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals			<u> </u>	<u> </u>	<u> </u>	<u> </u>				
Net Income							<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals							<u> </u>	<u> </u>	<u> </u>	<u> </u>