

1-3A – Basic Financial Statements

Sherry's Shuttles is a bus company offering rides to outdoor adventurers. In the summer, she caters to mountain bikers and in winter to skiers. Sherry's company has the following account balances, all on December 31, 2024 and for the year then ended unless otherwise noted:

Wages payable	\$1,600	Insurance expense	\$4,000
Dividends	3,000	Telephone expense	400
Cash	5,000	Equipment, net	30,000
Common shares (Jan 1, 2024)	60,000	Bank loan	45,000
Accounts payable	2,200	Retained earnings (January 1, 2024)	10,000
Buildings, net	100,000	Accounts receivable	1,000
Shuttle revenue	69,300	Office supplies	500
Fuel expense	11,000	Wages expense	30,000
Depreciation expense	2,000	Utilities expense	1,200

The company did not issue or repurchase any common shares during the year.

Required:

- Prepare an income statement for the year ended December 31, 2024.
- Prepare a statement of changes in equity for the year ended December 31, 2024.
- Prepare a balance sheet as at December 31, 2024.
- Based on your financial statements, compute:
 - The current ratio
 - The debt ratio
 - The equity ratio

Free Video Walkthrough:

Part 1	https://www.youtube.com/watch?v=8hivwEczDaE
Part 2	https://www.youtube.com/watch?v=MFkJcP54Q3Y
Part 3	https://www.youtube.com/watch?v=BfsKckWWezc
Part 4	https://www.youtube.com/watch?v=YzDQgGf0wBc
Part 5	https://www.youtube.com/watch?v=Dt0K8uD-iTw