

EXOS

Worksheet practice :

**The use of Accounting Worksheet and Preparation of Financial Statements**

**TOYOTA' s Company**  
**Trial Balance as on 31, December 2025**

Accounts Description	Trial balance		Adjustment		Adjusted Trial Balance		Income Statement		Balance Sheet	
	Dr Amt	Cr Amt	Dr Amt	Cr Amt	Dr Amt	Cr Amt	Dr Amt	Cr Amt	Dr Amt	Cr Amt
cash	4,300									
Account Receivable	26,600									
Supplies	500									
Prepaid Insurance	1,700									
Equipment	53,500									
Accumulated depreciation		36,400								
Account Payable		13,400								
Wages payable										
Unearned Service Revenue		8,000								
TOYOTA' s Owners Equity		19,700								
Myla's drawings	3,800									
Service Revenue		16,000								
Depreciation Expense										
Wages Expense	1,600									
Insurance Expense										
Utilities Expense	1,500									
<b>Total</b>	<b>93,500</b>	<b>93,500</b>								

**Data for Adjustments:**

- Depreciation on equipment, \$1,100.
- Accrued wage expense, \$600.
- Supplies on hand, \$300.
- Prepaid insurance expired during December, \$200.
- Unearned service revenue earned during December, \$4,000.
- Accrued service revenue, \$800.

Required:

- Using Accounting Worksheet fill all the above columns
- Journalize the Adjusting entries
- Journalize and post the closing entries
- Prepare Post - Closing Trial Balance
- Prepare Income statement, Owner's Equity and Statement of Balance Sheet (tax payable included)

**Answer:**

## Part A: Completing the Accounting Worksheet.

### A. Accounting Worksheet for TOYOTA as of December 31, 2025

Account Description	Trial Balance Dr	Trial Balance Cr	Adjustments Dr	Adjustments Cr	Adjusted TB Dr	Adjusted TB Cr	Income Statement Dr	Income Statement Cr	Balance Sheet Dr	Balance Sheet Cr
Cash	4,300				4,300				4,300	
Accounts Receivable	26,600		800		27,400				27,400	
Supplies	500			200	300				300	
Prepaid Insurance	1,700			200	1,500				1,500	
Equipment	53,500				53,500				53,500	
Accum. Depreciation		36,400		1,100		37,500				37,500
Accounts Payable		13,400				13,400				13,400
Wages Payable				600		600				600
Unearned Service Revenue		8,000	4,000			4,000				4,000
TOYOTA's Owner Equity		19,700				19,700				19,700
Myla's Drawings	3,800				3,800				3,800	
Service Revenue		16,000		4800		20,800		20,800		
Depreciation Expense			1,100		1,100		1,100			
Wages Expense	1,600		600		2,200		2,200			
Insurance Expense			200		200		200			
Utilities Expense	1,500				1,500		1,500			
Supply expenses			200		200		200			
<b>Totals</b>	<b>93,500</b>	<b>93,500</b>	<b>6,900</b>	<b>6,900</b>	<b>96,000</b>	<b>96,000</b>	<b>5,200</b>	<b>20,800</b>	<b>90,800</b>	<b>75,200</b>
<b>Income</b>							<b>15,600</b>			<b>15,600</b>
<b>TOTAL</b>							<b>20,800</b>	<b>20,800</b>	<b>90,800</b>	<b>90,800</b>

### B. Adjusting Journal Entries

#### 1. Depreciation on Equipment

Depreciation Expense	1,100	
Accumulated Depreciation		1,100

2. <b>Accrued Wages</b>		
Wages Expense	600	
Wages Payable		600
3. <b>Supplies Adjustment</b>		
Supplies Expense	200	
Supplies		200
4. <b>Insurance Expired</b>		
Insurance Expense	200	
Prepaid Insurance		200
5. <b>Unearned Revenue Earned</b>		
Unearned Service Revenue	4,000	
Service Revenue		4,000
6. <b>Accrued Service Revenue</b>		
Accounts Receivable	800	
Service Revenue		800

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### C. Closing Entries for TOYOTA as of December 31, 2025

We use four steps to close temporary accounts:

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#### 1. Close Revenue Accounts to Income Summary

Revenue:

• Service Revenue (adjusted) = \$16,800	
Service Revenue	20,800
Income Summary	20,800

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#### 2. Close Expense Accounts to Income Summary

Expenses:

- Depreciation Expense = 1,100
- Wages Expense = 2,200
- Insurance Expense = 200
- Utilities Expense = 1,500
- Supply Expenses = 200
- Total Expenses = 5,200**

Income Summary	5,200
Depreciation Expense	1,100
Wages Expense	2,200
Insurance Expense	200
Utilities Expense	1,500
Supply expenses	200

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### 3. Close Income Summary to Owner's Capital

Net Income = Revenues – Expenses = 20,800 – 5,200 = **15,600**

Income Summary	15,600	
TOYOTA's Owner Equity		15,600

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### 4. Close Drawings to Owner's Capital

Myla's Drawings = 3,800

TOYOTA's Owner Equity	3,800	
Myla's Drawings		3,800

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## Part D: Post-Closing Trial Balance.

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### D. TOYOTA – Post-Closing Trial Balance

As of December 31, 2025

Only permanent (real) accounts appear here — temporary accounts like revenues, expenses, and drawings are now closed.

Account Description	Debit (\$)	Credit (\$)
Cash	4,300	
Accounts Receivable	27,400	
Supplies	300	
Prepaid Insurance	1,500	
Equipment	53,500	
Accumulated Depreciation		37,500
Accounts Payable		13,400
Wages Payable		600
Unearned Service Revenue		4,000
TOYOTA's Owner Equity*		27,700
<b>Totals</b>	<b>87,000</b>	<b>87,000</b>

\*Owner's Equity after closing:  
Original Capital = 19,700

- Net Income = 15,600  
– Drawings = 3,800  
**Ending Capital = 11,800**

## TOYOTA Income Statement

**For the Year Ended December 31, 2025**

**Revenues      Amount (\$)**

Service Revenue 20,800

<b>Expenses</b>	<b>Amount (\$)</b>
Depreciation Expense	1,100
Wages Expense	2,200
Insurance Expense	200
Utilities Expense	1,500
Supply expense	200
<b>Total Expenses</b>	<b>5,200</b>

**Net Income:**

**$\$20,800 - \$5,200 = \$15,600$**

Less 30% of taxes = 4,680

**Net profit =  $15,600 - 4,680 = 10,920$**

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## Statement of Owner's Equity

**For the Year Ended December 31, 2025**

<b>Description</b>	<b>Amount (\$)</b>
TOYOTA's Owner Equity, Jan 1, 2025	19,700
Add: Net Income	10,920
Less: Drawings (Myla's)	(3,800)
<b>Ending Owner's Equity</b>	<b>26,820</b>

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## Balance Sheet As of December 31, 2025

### Assets

Current Assets	Amount (\$)
Cash	4,300
Accounts Receivable	27,400
Supplies	300
Prepaid Insurance	1,500
<b>Total Current Assets</b>	<b>33,500</b>
Non-Current Assets	
Equipment	53,500
Less: Accum. Depreciation	(37,500)
<b>Net Equipment</b>	<b>16,000</b>

**Total Assets: \$33,500 + \$16,000 = \$49,500**

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## Liabilities and Owner's Equity

Liabilities	Amount (\$)	Owner's Equity	
Accounts Payable	13,400	TOYOTA's Owner Equity	26,820
Wages Payable	600		
Unearned Service Revenue	4,000		
Taxes payable	4,680		
<b>Total Liabilities</b>	<b>22,680</b>		

**total Liabilities and Equity: \$22,680 + \$26,820 = \$49,500**

# Merchandising Operations.

As a Financial Accountant of MTN RWANDACEL (Buyer) ,  
you are required to record the following business transactions in general Journal under perpetual  
Inventory System.

Date	Transactions type on behalf of the Buyer	Amt (US\$)
4-May	MTN RWANDACELL purchased goods on Account from AIRTEL Supply	3800
6-May	MTN RWANDACELL pays freight charges	150
8-May	MTN RWANDACELL ltd returned goods costing \$300 to AIRTEL Audio Supply on May 8	300
14-May	MTN RWANDACELL paid and received a Discount of 2% of the remaining amount after returned goods.	?

## Answer

### Payment with Purchase Discount

- Original Purchase: \$3,800
- Less Return: \$300 → Remaining = \$3,500 that mean:  $3,800 - 300 = 3,500$
- Discount: 2% of \$3,500 = \$70
- Payment Made =  $3,500 - 70 = 3,430$

### Summary of Journal Entries:

Date	Account Titles & Explanation	Debit (\$)	Credit (\$)
May 4	Inventory	3,800	
	Accounts Payable – AIRTEL		3,800
May 6	Inventory	150	
	Cash		150
May 8	Accounts Payable – AIRTEL	300	
	Inventory		300
May 14	Accounts Payable – AIRTEL	3,500	
	Cash		3,430
	Inventory		70

As a Financial Accountant of AIRTEL (Seller),  
you are required to record the following business transactions in general Journal under perpetual  
Inventory System.

Date	Transactions type on behalf of the Seller
4-May	AIRTEL sold goods on credit of 3800 at its corresponding COGS of 2400
6-May	AIRTEL pays freight charges of 150
8-May	AIRTEL received sales returns of \$300 from with its corresponding COGS of 140
14-May	AIRTEL received payment of goods sold on 14-may within 10 days and grants discount of 2%

## Answer:

### Receipt of Payment with Discount

- Original Invoice: \$3,800
- Return: \$300 → Net receivable = \$3,500
- 2% Discount:  $\$3,500 \times 2\% = \$70$
- Cash Received = \$3,430

### Summary of Journal Entries:

Date	Account Titles & Explanation	Debit (\$)	Credit (\$)
May 4	Accounts Receivable – MTN RWANDACELL	3,800	
	Sales Revenue		3,800
	Cost of Goods Sold	2,400	
	Inventory		2,400
May 6	Freight-Out (Delivery Expense)	150	
	Cash		150
May 8	Sales Returns and Allowances	300	
	Accounts Receivable – MTN RWANDACELL		300
	Inventory	140	
	Cost of Goods Sold		140
May 14	Cash	3,430	
	Sales Discounts	70	
	Accounts Receivable – MTN RWANDACELL		3,500

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