



## 24 Frame Cinematography

You are a cinematographer and filmmaker. Recent film credits include work on Sony Picture's 'Cloud Atlas', 'Total Recall', and 'Fantastic 4'. You have also shot a lot of footage for the History Channel and HBO. You have decided to start your own company called '24 Frame Cinematography' and will provide your services to clients for \$105.00 (+HST) per hour.

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### **The following are required:**

i) As the owner of 24 Frame Cinematography, you need to keep track of your business' transactions in your General Journal.

ii) Each of these transactions must then be transferred to your General Ledger. **Do this at the end of each quarter.** Please use the following accounts: (listed here in alphabetical order.)

A/P - Best Buy	HST Payable
A/P - Cranes R Us	HST Recoverable
A/P - Staples	Insurance Expense
A/P - The Keg	Prepaid Insurance
A/R - HBO	Prepaid Rent
A/R - History Channel	Supplies Expense
A/R - MTV	Utilities Expense
Cash	Supplies
Crane Platform	Sales
Accumulated Depreciation: Crane Platform	Rent Expense
Entertainment Expense	Depreciation Expense
HD Camera	Your Name, Drawings
Accumulated Depreciation: HD Camera	Your Name, Capital

iii) Take off a trial balance on December 31.

iv) Create an Income Statement for the year ended December 31, 2000.

v) Create a Balance Sheet for December 31, 2000. (In report form with an expanded equity section.)

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*The following transactions take place from January 1, 2000 to December 31, 2000*

January 1

You begin your business with \$100,000 that you have been saving over the past year. You deposit in a business bank account at the local CIBC.

January 15

Purchase Invoice - You purchase an HD Camera with all the bells and whistles. It is priced at \$42,000 plus HST. You purchase it from Best Buy.

February 1

You also purchase insurance on your new camera. You pay for a full year up front. The total cost of the premium is \$2400. (There is no HST.)

March 1

You find a small office to rent. It has a lot of character, but you have to pay \$14,400 up front for two years of rent. (There is no HST.)

March 15

Purchase Invoice - You buy \$5800 worth of supplies, including digital video tapes, blu-ray discs, office supplies, and other items for your office. (Remember to add in HST!) You buy them from Staples.

March 18

Sales Invoice 0001 - You do some work for the History Channel. You charge them for 384 billable hours. (+HST)

March 31

**End of Quarter:** You remit your HST to the government.

April 15

Cash Sales Slip 0001 - You do some more work for the History Channel. It is for 320 billable hours. (Don't forget HST!) The History also pays off what they owe you.

April 20

You pay off your creditor, Best Buy.

May 1

Sales Invoice 0002 – To MTV for 524 billable hours.

May 10

Sales Invoice 0003 – To HBO for 395 billable hours.

May 15

You receive your heat and water bill in the mail. It is for \$339. This includes the HST. You pay with cash.

June 30

**End of Quarter:** You remit your HST to the government.

July 15

Purchase Invoice - You buy \$1800 of supplies from Staples.

August 18

Sales Invoice 0004 - You do some more work for the History Channel. You charge them for 282 billable hours.

Sept 30

**End of Quarter:** You remit your HST to the government.

October 15

Cash Sales Slip 0002 -You shoot a Halloween documentary and collect \$4800 + HST.

November 14

Sales Invoice 0005 – to HBO for 658 billable hours.

November 1

Purchase Invoice – to Crane's R Us for \$24,000 (+ HST) for a crane platform.

December 20

Purchase Invoice - You throw a Christmas party for your clients, you get it catered by The Keg. The total cost is \$2345 plus HST.

December 23

You withdraw \$780 from the business to buy Christmas presents for your family.

December 31

**End of Quarter:** You remit your HST to the government.

December 31

You make your necessary **adjusting** entries. \*See the additional information below.\* (Make sure to post these to your ledger as well!)

*Additional Information:*

- \*Your camera has a useful life of 10 years, with a salvage value of \$2,000.
- \*The crane has a useful life of 6 years with no residual value.
- \*A physical count of your supplies reveals there are \$800 worth of supplies left.
- \*A portion of your prepaid insurance and rent have been used up.