

Q1.

1	6	11	16	21	26	31	36	41
e	c	a	c	b	c	a	d	d
2	7	12	17	22	27	32	37	42
e	a	b	c	b	b	c	b	a
3	8	13	18	23	28	33	38	43
a	b	c	c	e	c	a	d	a
4	9	14	19	24	29	34	39	44
a	d	a	a	c	c	b	c	d
5	10	15	20	25	30	35	40	45
a	d	a	a	a	a	d	a	d

Q2.

i)	ii)	iii)
h	a	g
f	e	e
d	i	a
i	d	d
j	h	h
a	g	i
c	f	j
b	j	b
e	b	f
g	c	c

iv)	v)	vi)
h	a	j
g	b	i
a	c	e
b	d	f
i	e	b
c	f	h
d	g	c
j	h	d
e	i	g
f	j	a

3

DATE	PARTICULARS	P.R.	DEBIT	CREDIT
Jan-01	Bank	1	100,000.00	
	L.Smithers, Capital			100,000.00
	Opening Entry			
Jan-01	Prepaid Lease		24,000.00	
	Bank	1		24,000.00
	Prepaid a two year lease.			
Jan-31	Renovation Expense		5,234.00	
	HST Recoverable		680.42	
	Bank	1		5,914.42
Jan-31	Display Cases		4,330.00	
	A/P - The Brick			4,330.00
	Purchased display cases			
Feb-01	Prepaid Cash Register Rental		3,600.00	
	A/P - Register Depot			3,600.00
	Prepaid a three year lease.			
Feb-01	Purchases		32,987.00	
	Freight In		1,450.00	
	HST Recoverable		4,476.81	
	A/P - Lego Inc.			38,913.81
	Purchased inventory.			
Feb-15	Advertising Expense		1,800.00	
	Bank	1		1,800.00
	Lego display built.			
Feb-20	LEGO Sign		5,200.00	
	HST Recoverable		676.00	
	Bank	1		2,938.00
	A/P - Sign Guys			2,938.00
	Purhcased a sign.			
Feb-22	Supplies		3,444.00	
	HST Recoverable		447.72	
	Bank	1		3,891.72
	Purchased supplies.			

DATE	PARTICULARS	P.R.	DEBIT	CREDIT
Feb-28	Smart Car		26,000.00	
	HST Recoverable		3,380.00	
	A/P - Mercedes Toronto			29,380.00
	Purchased a Smart Car.			
Mar-01	Advertising Expense		4,000.00	
	HST Recoverable		520.00	
	Bank			4,520.00
	Graphics on vehicle.			
Mar-15	Smart Car		5,800.00	
	Bank			5,800.00
	Additions to vehicle.			
Mar-30	Advertising Expense		4,867.00	
	Bank		49,172.99	
	Sales			47,823.00
	HST Payable			6,216.99
	Grand Opening *This could be two separate transactions, if you prefer!*			
Mar-31	Wages Expense		4,307.00	
	Bank			4,307.00
	Paid employees.			
Mar-31	HST Payable		5,200.00	
	Bank			2,000.00
	HST Recoverable			3,200.00
	Remitted HST.			
Apr-01	L. Smithers, Drawings		450.00	
	Bank			450.00
	Withdrew for personal use.			
Apr-02	* This is not a business transaction*			
Apr-05	A/P - Register Depot		3,600.00	
	Bank			3,600.00
	Paid Register Depot in full.			
Apr-08	L. Smithers, Capital		1,299.00	
	Display Cases			1,299.00
	Three display cases are thrown away.			

DATE	PARTICULARS	P.R.	DEBIT	CREDIT
Apr-10	Repair Expense		38.00	
	L. Smithers, Capital		433.00	
	Display Case			433.00
	Bank			38.00
	Display case thrown away and another fixed.			
Apr-15	Land		210,000.00	
	Bank			21,000.00
	Bank Loan			189,000.00
	Purchased land.			
Apr-20	L. Smithers, Drawings		575.00	
	Bank			575.00
	Withdrew for personla use.			
May-01	Prepaid Computer Rental		12,000.00	
	Bank			12,000.00
	One year rental of LEGO computer display.			
May-15	Renovation Expense		2,138.00	
	HST Recoverable		277.94	
	Bank			2,415.94
	Additional renovations.			
May-16	Display Cases		1,299.00	
	A/P - The Brick			1,299.00
	Purchased three more display cases.			
May-20	A/P - The Brick		5,629.00	
	Bank			5,629.00
	Payment of account.			
May-21	A/R - Gymboree		99,440.00	
	HST Payable		11,440.00	
	Sales			88,000.00
May-22	Purchases		23,900.00	
	Freight In		1,450.00	
	HST Recoverable		3,295.50	
	A/P - Lego Inc.			28,645.50
	Purchased inventory.			
Jun-20	A/P - Lego Inc.		20,000.00	
	Bank			20,000.00
	Partial payment of account.			

DATE	PARTICULARS	P.R.	DEBIT	CREDIT
Jun-21	Maintenance Expense		448.32	
	HST Recoverable		58.28	
	Bank			506.60
	Maintenance expense on sign.			
	Expense is the total amount / 1.13			
Jun-22	Supplies		556.00	
	HST Recoverable		72.28	
	Bank			628.28
	Purchased supplies.			
Jun-22	Wages expense		4,307.00	
	Bank			4,307.00
	Paid wages to employees.			
Jun-30	HST Payable		10,000.00	
	Bank			4,900.00
	HST Recoverable			5,100.00
Jun-30	L. Smithers, Drawings		450.00	
	Bank			450.00
	Withdrew for personal use.			
Jul-01	* Not a business transaction.*			
Dec-31	Supplies Expense		3,778.00	
	Supplies			3,778.00
31	Adjusting Entry *(See Adjustment Page)*			
31	Lease Expense		12,000.00	
	Prepaid Lease			12,000.00
	Adjusting Entry *(See Adjustment Page)*			
31	Computer Rental Expense		8,000.00	
	Prepaid Computer Rental			8,000.00
	Adjusting Entry *(See Adjustment Page)*			
31	Cash Register Rental Expense		1,100.00	
	Prepaid Cash Register Rental			1,100.00
	Adjusting Entry *(See Adjustment Page)*			
31	Depreciation Expense		104.00	
	Accumulated Depreciation: LEGO Sign			104.00
	Adjusting Entry *(See Adjustment Page)*			

[illegible]

Supplies (\$222 worth of supplies are remaining at the year end.)

Calculation:

	Supplies Bought:	Therefore, the amount of supplies used:
Feb-22	3444	4,000
Jun-22	556	-222
	<u>4000</u>	<u>3,778</u>

Prepaid Lease

Calculation:

\$24,000 for two years (24 months) is \$1,000 per month.

Jan 1 to Dec 31 is 12 months.

12 * \$1,000 = **\$12,000** expense for the year.

Prepaid Computer Rental

Calculation:

\$12,000 for the year (12 months) is \$1,000 per month.

May 1 to Dec 31 is 8 months.

8 * \$1,000 = **\$8,000** expense for the year.

Prepaid Cash Register Rental

Calculation:

\$3,600 for three years (36 months) is \$100 per month.

Feb 1 to Dec 31 is 11 months.

11 * \$100 = **\$1100** expense for the year.

Depreciation for LEGO sign (25 year useful life. No Residual Value)

Calculation: *Yearly Depreciation = (Orig. Value - Residual) / Useful Life*

Value of sign: \$5200

Depreciation:

(5200 - 0) / 25 years

= 5200 / 25

= \$208

* Half Year Rule in first year

= **\$104**

Depreciation for the Smart Car (10 year useful life. \$2500 Residual Value)

Calculation: *Yearly Depreciation = (Orig. Value - Residual) / Useful Life*

Value of car: \$26,000 + \$5,800 in upgrades

Depreciation:

(31,800 - 2500) / 10 years

= 29300 / 10

= \$2,930

* Half Year Rule in first year

= **\$1,465**

Account: Bank

No: 1

DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR/CR	BALANCE
Jan-01			100,000.00		DR	100,000.00
Jan-01				24,000.00	DR	76,000.00
Jan-31				5,914.42	DR	70,085.58
Feb-15				1,800.00	DR	68,285.58
Feb-20				2,938.00	DR	65,347.58
Feb-22				3,891.72	DR	61,455.86
Mar-01				4,520.00	DR	56,935.86
Mar-15				5,800.00	DR	51,135.86
	etc....					
	etc...					
	etc...					

Account: Display Cases

No: 10

DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR/CR	BALANCE
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*If you would like your 'Display Cases' ledger account looked at, please ask Mr. Alexander.

Account: J. Smithers, Capital

No: 99

DATE	PARTICULARS	P.R.	DEBIT	CREDIT	DR/CR	BALANCE
Jan-01				100,000.00	CR	100,000.00
Apr-08			1,299.00		CR	98,701.00
Apr-10			433.00		CR	98,268.00
Dec-31				168,350.00	CR	266,618.00
Dec-31			2,500.00		CR	264,118.00

LEGO Land
Income Statement
For the Year Ended Dec 31, 20--

Sales		250,000	
<u>Cost of Goods Sold</u>			
Beginning Inventory	0		
Purchases	56,000		
Freight In	<u>6,500</u>		
Cost of Goods Available for Sale		62,500	
Less: Ending Inventory		<u>21,250</u>	41,250
Gross Profit			<u>208,750</u>
<u>Operating Expenses</u>			
Advertising Expense		10,000	
Depreciation Expense		5,000	
Maintenance Expense		3,000	
Renovation Expense		12,000	
Repair Expense		3400	
Wages Expense		<u>7000</u>	40,400
Net Income			<u><u>168,350</u></u>

LEGO Land
Classified Balance Sheet
Dec 31, 20--

Current Assets

Bank		65,000	
A/R - Gymboree		88,000	
Inventory		21,250	*What is your
Prepaid Cash Register Rental		2,000	inventory on this
Prepaid Computer Rental		3,000	date?
Prepaid Lease		4,000	

Fixed Assets

Display Cases		5,000	
LEGO Sign	12,000		
Less: Accumulated Depreciation: LEGO Sign	<u>-2,000</u>	10,000	
Smart Car	26000		
Less: Accumulated Depreciation: Smart Car	<u>-6,000</u>	20,000	

Land		210,000	
TOTAL ASSETS		<u><u>428,250</u></u>	

Short Term / Current Liabilities

A/P - Lego Inc.		14,000	
A/P - Mercedes Toronto		15,000	
A/P - Register Depot		16,000	
A/P - The Sign Guys		10,000	

Long Term Liabilities

Bank Loan		200,000	
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Owner's Equity

L. Londoner, Capital		173,250	*Your closing entries
TOTAL LIABILITIES & OWNER'S EQUITY		<u><u>428,250</u></u>	will have affected the capital number!