



You are opening your own business, and you have decided to name it Blue Moose Accounting. You will provide two types of financial services. Business Consulting services and Tax Preparation services. Business Consulting services are billed at \$56 per hour (+HST), and Tax Preparation is done for \$33 (+HST) per return.

Please enter the following transactions, and prepare an Income Statement and Balance sheet for the end of the first fiscal quarter. (Jan 1, 2012 to March 31, 2012)

You may use paper & pencil, skydrive & excel, or Wave Accounting to complete this case. (If you use Wave Accounting for this case, remember, once you set up your business, go to Dashboard > All Settings to get access to accounts and journal transactions. Also remember to set up your 13% HST.)

You are to post the following transactions, and produce fiscal quarter end financial documents. In particular, you are required to produce an Income Statement and Balance sheet at March 31, 2012, for the preceding fiscal quarter.

2012: Q1

* All invoices are due within 90 days. *

Jan 1

You bring to your business \$9,800 in cash, a computer and printer worth \$800, a mahogany desk worth \$580, and an awfully nice coffee mug.

Jan 2

You purchase an ink cartridge for your printer from Staples for \$21.99 + HST. You pay cash. (Use Computer-Hardware expense.)

Jan 3

Purchase Invoice LFP0903 - You book advertising in the London Free Press for January, February, and March. The price is \$498 + HST. You are billed. (It is put on account.) The product you are purchasing is a 'Newspaper Ad'.

Jan 10

Cash Purchase - You purchase \$980 (+HST) worth of 'Accounting Supplies'. *Please do this one as a manual 'Journal Transaction'.*

Jan 15

Sales Invoice 1 - You do 42 hours of business consulting for MAC cosmetics on account.

Jan 25

Sales Invoice 2 - You do 38 hours of business consulting for Gusto Grill.

Jan 30

You purchase a subscription to Accounting Annual for \$23 + HST. You send a cheque. (Use the 'Dues and Subscriptions' expense.)

Feb 1

Gusto pays its bill. (Invoice 2)

Feb 15

You purchase a VW (vehicle) for \$8,500 (+HST) cash.

Feb 28

You purchase a two year insurance premium for \$4,800 from J.R. Insurance.

March 15

Cash Sale – You prepare a tax return for the MAC cosmetics corporation. You charge them \$1500 + HST.

March 20

Sales Invoice 3 – You prepare a ‘tax return’ for Gusto. You charge them \$298 (+HST)

March 30

You remit your HST to the government. (Your customer is the Canada Revenue Agency.)
Remember, in Wave you can go to ‘Reports’ and run a Sales Tax report to show your HST owing.

March 31

You are asked to make adjusting entries at the end of the quarter using the following information.

i) Depreciation on the vehicle is calculated on a straight line basis. The vehicle has a \$500 residual value and has a 10 year life. One quarter of the yearly depreciation will be taken this quarter.

ii) The computer and printer are depreciated on a straight line basis over 8 years. There is no salvage value. A full $\frac{1}{4}$ of a year of depreciation is taken.

iii) The desk has an \$80 salvage value, and is depreciated over 20 years. A full $\frac{1}{4}$ of a year of depreciation is taken.

iv) An adjustment is made to the prepaid insurance account.

v) A physical count of the Accounting Supplies left on hand reveals \$568 remaining.

March 31

Prepare an Income Statement and Balance Sheet for Blue Moose for the end of the fiscal quarter.

Please share your business with MrAlexanderCHSS@hotmail.com.

