



ACCOUNTING CYCLE ASSIGNMENT – Due Thursday, December 5, 2019 in class.

Digitally through Blackboard or hand-in / hand-written Report

******* THIS IS AN INDIVIDUAL ASSIGNMENT *******

Any collaboration with another student is a violation of Student Integrity Standards and may result in a grade of 0 for this assignment

SERVICE BUSINESS ACCOUNTING CYCLE

On May 1, 2018 a newly incorporated veterinary clinic, (*your last name*) ***Veterinary Services Inc.*** is formed. The chart of accounts for (*your last name*) Veterinary Services Inc. is listed below. Follow the instructions to complete the accounting records for the month of May.

 (*your last name*) Veterinary Services Inc.

CHART OF ACCOUNTS

ASSETS	
101	Cash
111	Accounts Receivable
121	Supplies
134	Prepaid Insurance
137	Land
141	Buildings
142	Accumulated Depreciation - Buildings
LIABILITIES	
202	Accounts Payable
208	Salaries Payable
210	Unearned Revenue
215	Income Tax Payable
222	Mortgage Payable
OWNERS' EQUITY	
301	Common Shares
309	Retained Earnings
311	Dividends Declared

REVENUE	
410	Veterinary Service Revenue
EXPENSES	
511	Salaries Expense
517	Supplies Expense
523	Depreciation Expense
525	Interest Expense
526	Insurance Expense
531	Utilities Expense
535	Repairs Expense
540	Income Tax Expense
601	Income Summary

TRANSACTIONS

May:

- 1 Issued \$XXX,XXX of common shares in the new company for cash. *(The value of the common shares is \$800,000 + the last 5 digits of your Student Number. So if your Student Number ends in 25268, the value of common shares is \$825,268)*
- 1 Purchased land and a building worth \$275,000 and \$433,000 respectively, by making a down payment of \$100,000 and securing a mortgage through TD Bank for the difference.
- 1 Purchased a three-year insurance policy for \$69,300 effective today.
- 1 The local police force paid \$92,000 for the care of their detective and search and rescue dogs in advance.
- 2 Purchased \$3,075 of office supplies from Staples on account.
- 14 Paid employees \$7,300 representing two weeks' salary.
- 21 Summarized and recorded the billings to customers for the first three weeks of May for veterinary service fees earned. Billings totalled \$48,000.
- 28 Received \$22,000 from clients in partial settlement of accounts billed on the 21st.
- 28 Paid another \$7,300 for two weeks' salary.
- 30 Repaired the damaged flooring for \$8,550 on account.
- 30 Paid Staples for the office supplies purchased on May 2.
- 31 Paid a total of \$1,115 for the month's gas, water and electric bill.
- 31 Paid out dividends to shareholders of \$1,040.
- 31 Made a mortgage payment of \$3,800 to the bank consisting of \$1,200 in interest and \$2,600 in principal.

Use the following information to journalize and post the adjustments for the month:

- a. One month's insurance coverage was consumed.
- b. There was \$2,300 of office supplies on hand at the end of the month.
- c. The building has an estimated useful life of 25 years and a salvage value of \$67,000.
- d. Employees earned \$3,650 of unpaid and unrecorded salary.
- e. A review of the contract with the police force that paid \$92,000 in advance for veterinary services on May 1 revealed that one-eighth of the services had been completed in the month.
- f. The company earned \$15,000 of fees that had not yet been billed.
- g. Income taxes for the month were estimated to be \$975.

REQUIRED:

1. Prepare journal entries for each transaction.
2. Prepare T accounts and post the transactions.
3. Prepare an Adjusted Trial Balance as at May 31.
4. Prepare an Income Statement for the month.
5. Prepare a Statement of Changes in Equity.
6. Prepare a classified Statement of Financial Position.
7. Prepare closing journal entries.
8. Post the closing entries to T accounts.
9. Prepare a post-closing Trial Balance.

Notes:

- This assignment cannot be completed in full until we have completed Chapter 4 in the course.
- Only one set of T accounts are required. Do not prepare a separate set of T accounts for requirement #8, for example.
- Dates for the adjusting journal entries should be the last day of the month.
- This assignment will preferably be prepared using Microsoft Excel, however assignments prepared by hand are also acceptable (must be neat and legible). ***Excel spreadsheets must be sent to me via Blackboard before the start of class on the due date or handed in at the start of the class in hard copy. Assignments submitted in any format after 1:30pm will be considered late and be subject to late penalties.***
- Your name and Student Number must be clearly marked on your assignment.