Assignment 2

For this assignment you will be creating 4 scenarios that lead to entries you will make for SNIFFER, using the excel workbook you started for Assignment 1. Within the file you will need to start another sheet called “General Journal” and another sheet called “General Ledger”. You will also want at least one additional sheet to provide the detailed description and calculations for your transactions. (Remember you use the “+” in the lower left hand corner of the excel workbook to add a sheet)

1) You should create a scenario for 4 separate transactions that address the following issues from Chapters 10 and 11 (you can have a separate sheet for each scenario or one sheet that includes them all):

1. Cash purchase of a long-term asset that includes an asset retirement obligation,
2. One self-constructed asset that will not be completed by the end of the year which includes at least 2 expenditures during the fiscal year,
3. One impairment of existing goodwill or another long-term asset that is held and used,
4. Depreciation for each remaining quarter – you pick a method as if it had been in place and record entries for 2nd, 3rd, and 4th quarter. Use an appropriate existing expense account or add a depreciation expense account.

You come up with the backstory and details for these transactions, providing me with a description of the transaction that provides enough detail for me to recalculate your numbers. For example, with impairments this would mean that you have to provide me with all of the information needed to recalculate the impairment you record.

2) Record each transaction in the General Journal using the “General Journal” sheet. Your transactions should be recorded in proper general journal form, including the A↑,A↓,L↓,L↑, OE↓,OE↑ arrows. If you need a refresher on what a general journal looks like, here is a picture of the format:

|  |
| --- |
| **FITCOIN MINES** |
| **GENERAL JOURNAL** |
|  |  |  |  |  |  |
| ***Entry #*** | ***Date*** | ***Description*** | ***Journal Ref.*** | ***Balanced (in millions of $)*** |
|   |   |   |   | **Debit** | **Credit** |
| (m) | 1/5/2017 | Fair Value Adjustment | A↑ | $0.25 |  |
|   |   | Unrealized holding gain - NI | OE↑ |  | $0.25 |
|   |   | **Adjust Ferrari Mechanics investment to fair value.** |   |  |  |

3) Post each transaction from the General Journal to your General Ledger using the “General Ledger” sheet. For this project your general ledger will be a sheet of t-accounts you create. You should set up t-accounts for any accounts you use or create so I can easily trace your entries. If you need a refresher on what the general ledger looks like, here is a picture of two accounts:

|  |  |  |
| --- | --- | --- |
| Accounts Payable  |  |  Common Stock  |
|  $ 2.00  |  $ 530.98 beg |  |  $ 0.10  |  $ 9.24 beg |
|  $ 2.50  |  $ 10.00  |  |  |  $ 10.00  |
|  $ 4.00  |  $ 2.00  |  |   |  $ 0.10  |
|  $ 1.50  |  $ 5.00  |  |   |  |
|   |   |  |   |  |
|   |  $ 537.98 end |  |   |  $ 19.24e  |
|  |  |  |  |  |

4) You should post the changes for each account for each quarter on your working trial balance sheet. For each quarter 2,3, and 4 and for any adjusting entries you create you should post ***ONLY summary entries to the working trial balance.*** So for example, using the t-accounts shown above, if light blue is 2nd quarter, green is 3rd quarter, purple is 4th quarter, and yellow is adjusting entries, this student would post $2.00 in the debit column on the working trial balance for Accounts Payable in the 2nd quarter, $5.50 in the credit column for Accounts Payable in the 3rd quarter ($10.00 + $2.00 - $2.50-$4.00 = $5.50), $1.50 in the debit column for Accounts Payable in the 4th quarter, and $5.00 in the credit column for Accounts Payable under the Adjusting Entries (the big idea here is that you DO NOT carry forward the entire balance each quarter in the working trial balance, you only post the changes for that quarter. Your formulas on the Working Trial Balance from assignment 1 will update the account to its correct ending balance)

FAQ: Can I create a new account? Answer: yes (and you most likely will have to do this several times). You can add new accounts but make sure you go back to assignment 1 and update the column (FS) and add the formula on the Working Trial Balance and Income Statement and Balance Sheet to get your new account flowing through to the proper place.

5) The work you did on assignment 1 should be completed such that once you post these new summary entries to the appropriate quarter or adjusting entry column your balance sheet and income statement should update automatically (if that doesn’t happen then you need to fix something from assignment 1) so that your financial statements reflect these entries.

6) When you are ready to submit assignment 2, You will be required to supply a URL link to your OneDrive Excel file as you did in assignment 1. You need to make sure that I continue to have permission to make comments so with your project open click on the “share” icon on the top right and choose “People in University of Missouri with the link can edit” (keep “allow editing” checked) and “apply” this setting. When you are ready to submit your assignment, click on the “copy link” and paste the link when you are asked for a “website URL” in the assignment “submit” process.