



**KEY FOR TOPIC 2 PROBLEMS**  
**P 5-5**

St. John's Rental Company  
 Income Statement  
 For the Month Ended May 31, 19--

Revenue:		
Rental Fees Earned .....		\$12 800.00
Expenses:		
Rent Expense .....	\$4 000.00	
Telephone Expense .....	55.00	
Utilities Expense .....	325.00	
Office Supplies Expense .....	103.00	
Advertising Expense .....	210.00	
Truck Expense .....	85.00	
Total Expenses .....	4 778.00	
Net Income .....		\$ 8 022.00

St. John's Rental Company  
Balance Sheet  
As at May 31 2016

ASSETS			
<b>CURRENT ASSETS</b>			
Cash		\$5600.00	
Accounts Receivable:			
R. Dowber	\$ 85.00		
Talbot Construction Co.	2400.00		
Weima Contractors.	4850.00	7335.00	
<b>Total Current Assets</b>			\$12935.00
<b>FIXED ASSETS (at cost)</b>			
Office Equipment		\$6500.00	
Delivery Truck		940.00	
<b>Total Fixed Assets</b>			\$15900.00
<b>TOTAL ASSETS</b>			<b>\$28835.00</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES:</b>			
<b>BANK LOAN PAYABLE</b>		\$3000.00	
Accounts Payable:			
Gauthreaux Equipment	\$ 1200.00		
Southern Suppliers	900.00	2100.00	
<b>TOTAL LIABILITIES</b>			<b>\$5100.00</b>

<b>OWNER'S EQUITY</b>		
R. McTavish, Capital		\$1623.00
Add: Net Income		<u>8022.00</u>
		24235.00
Less: R. McTavish, Drawing		<u>500.00</u>
<b>Total Owner's Equity</b>		<u>23735.00</u>
<b>TOTAL LIABILITIES + Owner's Equity</b>		<b><u>\$28835.00</u></b>

St. John's Rental Company		
Balance Sheet		
As at May 31, 19--		
<b>Assets</b>		
Current Assets:		
Cash .....		\$5 600.00
Accounts Receivable:		
R. Dowber .....	\$ 85.00	
Talbot Construction Co. ....	2 400.00	
Weima Contractors .....	4 850.00	<u>7 335.00</u>
Total Current Assets .....		\$12 935.00
Fixed Assets (at cost):		
Office Equipment .....		\$6 500.00
Delivery Truck .....		<u>9 400.00</u>
Total Fixed Assets .....		<u>15 900.00</u>
Total Assets .....		<u>\$28 835.00</u>
<b>Liabilities</b>		
Current Liabilities:		
Bank Loan Payable .....		\$3 000.00
Accounts Payable:		
Gautreau Equipment .....	\$1 200.00	
Southend Suppliers .....	900.00	<u>2 100.00</u>
Total Liabilities .....		\$5 100.00
<b>Owner's Equity</b>		
R. McTavish, Capital .....		\$16 213.00
Add: Net Income .....		<u>8 022.00</u>
		24 235.00
Less: R. McTavish, Drawing .....		<u>500.00</u>
Total Owner's Equity .....		<u>23 735.00</u>
Total Liabilities and Owner's Equity .....		<u>\$28 835.00</u>



P 5-6

Louis's Fix-It Shop  
Income Statement  
For the Year Ended October 31, 19--

Revenue:		
Fees Earned .....		\$32 800.00
Expenses:		
Property Taxes Expense .....	\$3 000.00	
Telephone Expense .....	559.00	
Utilities Expense .....	1 375.00	
Office Supplies Expense .....	587.00	
Advertising Expense .....	989.00	
Truck Expense .....	1 045.00	
Interest Expense .....	<u>3 000.00</u>	
Total Expenses .....		<u>10 555.00</u>
Net Income .....		<u>\$22 245.00</u>

Assets		Liabilities	
<b>Current Assets:</b>		<b>Current Liabilities:</b>	
Cash .....	\$10 600	Bank Loan Payable .....	\$ 4 500
Accounts Receivable:		Accounts Payable:	
P. Doran .....	\$250	Albert & Son Suppliers..	\$ 986
Kaplan Co. ....	<u>147</u> 397	Packer Parts Ltd. ....	<u>900</u> 1 886
Repair Supplies .....	<u>2 300</u>	Current portion of mortgage	<u>2 500</u>
Total Current Assets .....	<u>13 297</u>	Total Current Liabilities	8 886
<b>Fixed Assets (at cost):</b>		<b>Long-Term Liabilities:</b>	
Land (security for mortgage) .....	12 000	10% Mortgage Payable,	
Building (security for mortgage)	35 000	due in 15 years (secured	
Repair Equipment .....	4 750	by land and building) .....	\$29 000
Delivery Truck .....	<u>11 300</u>	Less current portion .....	<u>2 500</u>
Total Fixed Assets .....	<u>63 050</u>	Total Long-Term Liabilities	<u>26 500</u>
		Total Liabilities .....	<u>\$35 386</u>
		<b>Owner's Equity</b>	
		L. Sanchez, Capital .....	\$26 216
		Add: Net Income for Year ....	<u>22 245</u>
			48 461
		Less: Withdrawals .....	<u>7 500</u>
		Total Owner's Equity .....	<u>40 961</u>
Total Assets	<u>\$76 347</u>	Total Liabilities and Owner's Equity	<u>\$76 347</u>

P 5-7

Maritime Survey Co.  
Income Statement  
For the Year Ended December 31, 19--

Revenues:		
Fees Earned .....	\$188 870.00	
Interest Revenue .....	<u>1 000.00</u>	
Total Revenues .....		\$189 870.00
Expenses:		
Salaries Expense .....	\$ 41 970.00	
Survey Supplies Expense .....	1 800.00	
Office Supplies Expense .....	2 400.00	
Telephone Expense .....	890.00	
Utilities Expense .....	1 950.00	
Insurance Expense .....	390.00	
Maintenance Expense .....	11 250.00	
Gasoline Expense .....	3 800.00	
Truck Repairs Expense .....	1 200.00	
Property Taxes Expense .....	1 200.00	
Bank Interest Expense .....	400.00	
Mortgage Interest Expense .....	<u>3 000.00</u>	
Total Expenses .....		<u>70 250.00</u>
Net Income .....		<u>\$119 620.00</u>



Maritime Survey Co. Balance Sheet As at December 31, 19--			
Assets			
<b>Current Assets:</b>			
Cash		\$ 9 250.00	
Government of Canada Bonds		10 000.00	
<b>Accounts Receivable:</b>			
Dartmouth Construction	\$2 400.00		
Halifax Properties	1 600.00		
Saint John Construction	3 500.00	7 500.00	
<b>Total Current Assets</b>			<b>\$ 26 750.00</b>
<b>Fixed Assets (at cost):</b>			
Land (security for the mortgage payable)		\$ 25 000.00	
Building (security for the mortgage payable)		75 000.00	
Survey Equipment		30 000.00	
Office Equipment		5 000.00	
Trucks		36 000.00	
<b>Total Fixed Assets</b>			<b>171 000.00</b>
<b>Total Assets</b>			<b>\$197 750.00</b>
Liabilities			
<b>Current Liabilities:</b>			
Bank Loan Payable		\$ 4 500.00	
<b>Accounts Payable:</b>			
Fredericton Supply	\$3 000.00		
Newcastle Motors	2 500.00	5 500.00	
Salaries Payable		1 200.00	
Current portion of Mortgage Payable		5 000.00	
<b>Total Current Liabilities</b>			<b>\$16 200.00</b>
<b>Long-Term Liabilities:</b>			
7.5 % Mortgage Payable, due in 20 years; secured by land and buildings		\$ 48 000.00	
Less: current portion		5 000.00	
<b>Total Long-Term Liabilities</b>			<b>43 000.00</b>
<b>Total Liabilities</b>			<b>\$ 59 200.00</b>
Owner's Equity			
Don Kelly, Capital		\$ 50 930.00	
Add: Net Income for Year		119 620.00	
		170 550.00	
Less: Withdrawals for Year		32 000.00	
<b>Total Owner's Equity</b>			<b>138 550.00</b>
<b>Total Liabilities and Owner's Equity</b>			<b>\$197 750.00</b>

