

Spreadsheet Guide

Step-by-Step Instructions

Problem 20-7 Completing End-of-Period Activities

Complete the Spreadsheet

- Step 1** Read the instructions for Problem 20-7 in your textbook. This problem involves preparing a ten-column work sheet and the end-of-period financial statements for River's Edge Canoe & Kayak.
- Step 2** Launch the Spreadsheet Problem.

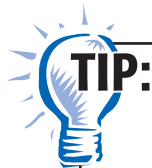
PROBLEM 20-7 COMPLETING END-OF-PERIOD ACTIVITIES									
(name)									
(date)									
RIVER'S EDGE CANOE & KAYAK WORK SHEET FOR THE YEAR ENDED DECEMBER 31, 20--									
ACCOUNT NUMBER	ACCOUNT NAME	TRIAL BALANCE		ADJUSTMENTS		>	<	BALANCE SHEET	
		DEBIT	CREDIT	DEBIT	CREDIT			DEBIT	CREDIT
101	Cash in Bank	22,236.57				>	<	22,236.57	
115	Accounts Receivable	7,400.00				>	<	7,400.00	
130	Merchandise Inventory	25,000.00			AMOUNT	>	<	0.00	
135	Supplies	4,100.00			AMOUNT	>	<	0.00	
140	Prepaid Insurance	3,000.00			AMOUNT	>	<	0.00	
145	Delivery Truck	67,900.00				>	<	67,900.00	
201	Accounts Payable		13,000.00			>	<		13,000.00
210	Federal Corp. Income Tax Payable		-----		AMOUNT	>	<		0.00
215	Sales Tax Payable		526.57			>	<		526.57
301	Capital Stock		40,000.00			>	<		40,000.00
305	Retained Earnings		25,400.00			>	<		25,400.00
310	Income Summary	-----	-----		AMOUNT	>	<		
401	Sales		175,000.00			>	<		
405	Sales Discounts	3,775.00				>	<		
410	Sales Returns & Allowances	2,500.00				>	<		
501	Purchases	75,300.00				>	<		
505	Transportation In	5,000.00				>	<		
510	Purchases Discounts		2,300.00			>	<		
515	Purchases Returns & Allowances		5,600.00			>	<		
605	Bankcard Fees Expense	3,515.00				>	<		
625	Federal Corporate Income Tax Expense	2,940.00			AMOUNT	>	<		
635	Insurance Expense	-----			AMOUNT	>	<		
655	Miscellaneous Expense	5,960.00				>	<		
660	Rent Expense	9,000.00				>	<		
665	Salaries Expense	22,200.00				>	<		
670	Supplies Expense	-----			AMOUNT	>	<		
680	Utilities Expense	2,000.00				>	<		
		<u>261,826.57</u>	<u>261,826.57</u>	<u>0.00</u>	<u>0.00</u>	>	<	<u>97,536.57</u>	<u>78,926.57</u>
	Net Income					>	<		<u>53,650.00</u>
						>	<	<u>97,536.57</u>	<u>132,576.57</u>

- Step 3** Type your name and today's date in the cells containing the *(name)* and *(date)* placeholders.
- Step 4** The trial balance amounts in the work sheet are given for you. The first adjustment that must be made is to adjust beginning merchandise inventory of \$25,000 to an ending balance of \$20,000. To make this adjustment, you must debit Income Summary and credit Merchandise Inventory for the difference between the beginning and ending merchandise inventory amounts. Type the Income Summary adjustment in cell E25 and the Merchandise Inventory adjustment in cell F16. Remember, it is not necessary to include a comma or the decimal point and two zeroes as part of the amount. Notice that, as you enter the adjustments, the balances for the affected accounts in the adjusted trial balance change accordingly.

- Step 5** Type the remaining adjustments into the Adjustments section of the work sheet. When you have entered all of the adjustments, move the cell pointer into the Adjusted Trial Balance, Income Statement, and Balance Sheet sections of the work sheet. Notice that the amounts for the Adjusted Trial Balance, Income Statement, and Balance Sheet are automatically entered. The program also calculates the column totals and the net income for River's Edge Canoe & Kayak.
- Step 6** Now scroll down below the work sheet, and look at the income statement, statement of retained earnings, and balance sheet for River's Edge Canoe & Kayak. Notice the financial statements are already completed. This is because the spreadsheet template includes formulas that automatically pull information from the filled-in work sheet to complete the financial statements.
- Step 7** Now scroll down below the balance sheet, and complete the closing entries in the general journal. The account names and posting references are given for you.
- Step 8** Scroll down below the closing entries, and look at the post-closing trial balance. The amounts are automatically calculated using formulas.
- Step 9** Save the spreadsheet using the **Save** option from the **File** menu. You should accept the default location for the save as this is handled by the Accounting Management System.
- Step 10** Print the completed spreadsheet.

**TIP:**

If your spreadsheet is too wide to fit on an 8½-inch wide piece of paper, you can change your print settings to print the worksheet *landscape*. Some spreadsheet applications also allow you to choose a "print to page" option. This function will reduce the width and depth of the worksheet to fit on one page.

**TIP:**

When printing a long spreadsheet with multiple parts, you may want to insert page breaks between the sections so that each one begins printing at the top of a new page. Page breaks have already been entered into this spreadsheet template. Check your program's Help file for instructions on how to enter page breaks.

- Step 11** Exit the spreadsheet program.
- Step 12** In the Close Options window, select the location where you would like to save your work.
- Step 13** Complete the Analyze activity.

What-If Analysis

If unexpired insurance on December 31 were \$2,500, what adjustments would be made? What would net income be? How would this affect ending Retained Earnings?