

FINAL REVIEW
Calculations 2

Lasser Lollipops, Inc.
Adjusted Trial Balance
December 31, 2012

Accounts	Debit	Credit
Cash	3000	
Accounts Receivable	4500	
Inventory	750	
Delivery Truck	2550	
Accumulated Depreciation		2000
Accounts Payable		1200
Unearned Revenue		700
T.J. Dunning, Capital		4000
T.J. Dunning, Drawings	600	
Net Sales		8500
Cost of Goods Sold	3950	
Selling Expense	1050	
Administrative Expense	700	
	17100	16400

Using the information from the adjusted trial balance shown above, compute the following

- a) Current Assets $3000 + 4500 + 750$ \$ 8250
- b) Total Assets (ADD BV of truck) \$ 8800
- c) Book Value of the Delivery Truck $2550 - 2000$ \$ 550
- d) Net Income $\text{Netsales} - \text{EXP} - \text{COGS}$ \$ 2800
- e) Capital Balance on January 1, 2013 $4000 + 2800 - 600$ \$ 6200
- f) Current Ratio $8250 / 19000$ $4.6 : 1$
- g) Net Income Percentage $2800 / 8500$ 32.9%

$$\frac{2800}{8500} = 32.9\%$$

Accounting Review for Final Exam

Methods of Depreciation:

A delivery van with an estimated life of 5 years was acquired on June 1, 2004 for \$22,000. Estimated residual value of the van is \$4,000.

- Determine the amount of depreciation in year 1 using the straight-line method and half year convention

$$22000 - 4000 \div 5 = 3600 \div 2 = 1800$$

- What is the *book value* of the van after the third year of depreciation?

$$22000 - 1800 - 3600 - 3600 = 13000$$

(1st yr) (Year 2) (Year 3)

- Now assume that 200% declining-balance method is used. What is the depreciation in year one?

$$15 = 2 \times 2 = 4$$
$$22000 \times .4 = 8800$$

- What is the depreciation in years 2 and 3 using 200% declining-balance method?

$$\text{Year 2} = 13,200 \times .4 = 5280$$

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$$\text{Yr 3} \quad 7920 \times .4 = 3168$$

$$22000 - 8800 = 13200$$

B.V. after year 1

$$13200 - 5280 = 7920$$

*B.V.
after
year 2*

- What is the *book value* of the van after 2 years using the above method?

7920