

- **LO6** Total and rule the work sheet.
- **LO7** Apply the steps for finding errors on a work sheet.

Extending Balance Sheet Account Balances on a Work Sheet

LO5

 A financial statement that reports the value of a business's assets, liabilities, and owner's equity on a specific date is called a balance sheet.

Extending Balance Sheet Account Balances on a Work Sheet

LO5

1

Debit Balances without Adjustments **Delgado Web Services** Work Sheet For Month Ended January 31, 20--2 3 5 7 TRIAL BALANCE ADJUSTMENTS INCOME STATEMENT BALANCE SHEET ACCOUNT TITLE CREDIT DEBIT DEBIT CREDIT DEBIT CREDIT DEBIT CREDIT 2 5 9 7 00 2 5 9 7 00 Cash Petty Cash 10000 10000 2 30000 30000 Accts. Rec.—Main Street Services 3 40000 40000 Accts. Rec.—Valley Landscaping (a) 53000 62000 9000 Supplies 5 90000 ^(b) 15000 75000 **Prepaid Insurance** 12000 12000 7 Accts. Pay.—Canyon Office Supplies 10500 10500 8 Accts. Pay.—Mountain Graphic Arts 200000 2000000 9 Michael Delgado, Capital 1 1 5 0 00 Michael Delgado, Drawing 115000 10

Debit Balances with Adjustments

Credit Balances without Adjustments



2

LO5

Lesson 6-3

 A financial statement showing the revenue and expenses for a fiscal period is called an income statement.

Extending Income Statement Account Balances on a Work Sheet

LO5

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Expense Balances with Adjustments



Recording Net Income and Totaling and Ruling a Work Sheet

LO6

 The difference between total revenue and total expenses when total revenue is greater is called net income.

Recording Net Income and Totaling and Ruling a Work Sheet

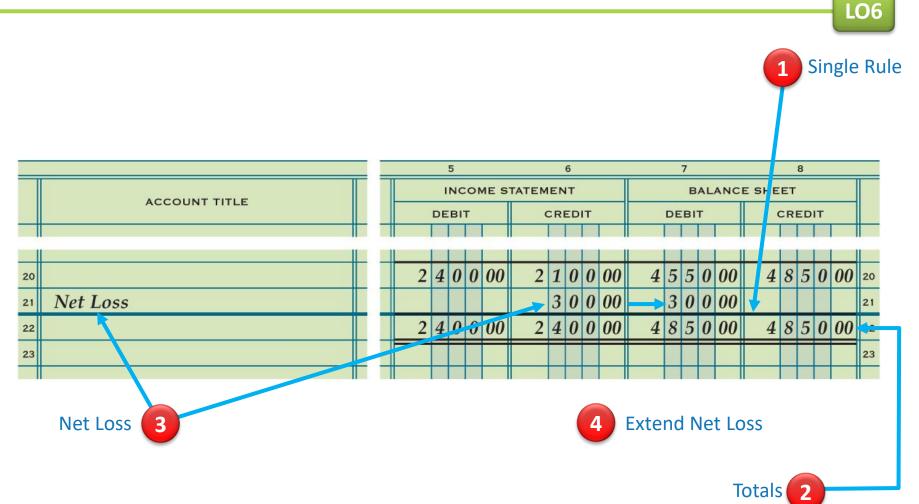
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Calculating and Recording a Net Loss on a Work Sheet



 The difference between total revenue and total expenses when total expenses are greater is called a net loss.

Calculating and Recording a Net Loss on a Work Sheet



Finding and Correcting Errors on the Work Sheet

- L07
- Several different kinds of errors may be made when preparing a work sheet.
- Three examples
 - There may be errors in the accounting records.
 - There may be errors in calculations.
 - An amount may be entered in the wrong column.

1. In which Balance Sheet column is net income recorded on the work sheet?

ANSWER Balance Sheet Credit column

2. In which Balance Sheet column is net loss recorded on the work sheet?

ANSWER Balance Sheet Debit column

3. What is the first step in checking for arithmetic errors when two column totals are not in balance?

ANSWER

Subtract the smaller total from the larger total to find the difference.

4. What is one way to check for an error caused by transposed numbers?

ANSWER

The difference between two column totals can be divided evenly by 9.

5. What term is used to describe an error that occurs when numbers are moved to the right or left in an amount column?

ANSWER Slide