

Relating to	<u>2009</u>	<u>2010</u>
Merchandise purchases	22,500	20,000
Equipment	2,000	-
Utilities	<u>900</u>	<u>1,200</u>
	<u>25,400</u>	<u>21,200</u>

5. Accrued salaries and wages at December 31, 2010 are to be established on the following basis. Payroll was paid for the two weeks to December 26, 2010 on December 28, 2010. Payroll for the two week period to January 9, 2011 was paid on January 11, 2011. The total of this payroll and employees benefits was \$14,000. (Assume a seven day work week)
6. Depreciation of the original buildings is on a straight-line basis assuming a 25-year useful life with no residual value. Depreciation on the building extension is to be over a remaining life of 18 years. Depreciation of equipment and vehicles is on a straight-line basis assuming a 5-year useful life with no residual value. A half year's depreciation is taken on assets acquired or disposed of in the current year. No assets are fully depreciated by December 31, 2010.
7. The loan principal on the 8% fixed rate bank loan will be repaid in ten equal payments(12 from the start of the year) of \$5,000 every six months on March 31 and September 30 each year. It has been paid together with interest so far on the correct dates. The next principal payment is due on March 31, 2011.
8. On June 30th of the current year, the company purchased a delivery van. It made a down payment of \$3,000 on the date of purchase and financed the balance of the vehicle with the vendor. Shoebox will make eight quarterly payments of \$4,000 each commencing September 30, 2010. A reasonable market rate of interest on this loan would be 10% . The September and December payments were made on the due dates.
9. The company has never accrued vacation pay accumulated by employees. A decision has been made to rectify this policy. If vacation pay had been accrued at December 31, 2009 the accrual would have been \$8,000. At December 31, 2010 the accrued vacation liability was \$9,400. Assume for this case that all vacation pay is tax deductible.
10. The issue of shares occurred on June 30 .2010.
11. Taxation at a rate of 30% of net profits before tax is to be provided for. Deferred tax is not applicable to this case.

REQUIRED

1. Enter the opening balances for 2010 into a multi-column Excel spread sheet (work sheet) using the following column headings:

Account
 Opening Trial Balance (with columns for Dr and Cr)
 Adjustments (with columns for Dr and Cr)
 Corrected Trial Balance (with columns for Dr and Cr)

2. Post the necessary entries to the work sheet to record the cash transactions for the year (adjustments column). Keep a separate record of the journal entries posted with a brief explanation in a general journal.