

CHAP 6: WORKSHEET FOR A SERVICE BUSINESS

Eq: WHAT IS AN ACCOUNTING WORKSHEET AND WHAT IS ITS PURPOSE?

WHAT IS A FISCAL PERIOD?

FISCAL PERIOD: THE LENGTH OF TIME FOR WHICH A BUSINESS SUMMARIZES AND REPORTS FINANCIAL INFORMATION. MOST BUSINESSES HAVE A 1 YEAR FISCAL PERIOD.

WHAT IS A WORK SHEET?

WORKSHEET: A COLUMNAR ACCOUNTING FORM USED TO SUMMARIZE THE GENERAL LEDGER INFORMATION NEEDED TO PREPARE FINANCIAL STATEMENTS. A WORKSHEET HAS 4 PARTS; TRIAL BALANCE, ADJUSTMENTS, INCOME STATEMENT, AND BALANCE SHEET. SEE SUMMARY OF PREPARATION OF WORKSHEET IN TEXT (PLASTIC PAGES).

TRIAL BALANCE: GENERAL LEDGER ACCOUNT BALANCES. TOTAL DEBITS MUST EQUAL TOTAL CREDITS.

ADJUSTMENTS: CHANGES RECORDED ON A WORKSHEET TO UPDATE GENERAL LEDGER ACCOUNTS AT THE END OF A FISCAL PERIOD.

BALANCE SHEET: FINANCIAL STATEMENT THAT REPORTS ASSETS, LIABILITIES, AND OWNER'S EQUITY ON A SPECIFIC DATE.

INCOME STATEMENT: FINANCIAL STATEMENT SHOWING THE REVENUE AND EXPENSES FOR A FISCAL PERIOD. THE INCOME STATEMENT SHOULD REFLECT THE TOTAL EXPENSES AND NET INCOME.

NET INCOME: TOTAL - TOTAL
(NET LOSS) REVENUE EXPENSES
(SALES)