

Work Sheet Problem
(all dollars in \$1,000)

The data below shows the unadjusted balance for a construction company on July 31, XXX2:

ACCOUNT TITLE (in \$1,000)	UNADJUSTED TRIAL BALANCE	
	Dr	Cr
Cash	184	
Accounts Receivable	308	
Retainage Receivable	46	
Prepaid Expenses	52	
Inventory	49	
Notes Receivable	103	
Unbilled Revenue	73	
Equipment	141	
Accumulated Depreciation		66
Accounts Payable		256
Wages Payable		
Notes Payable		75
Accrued Taxes		27
Excess Billings		
Retained Income (7-31-XXX1)		335
Dividends Paid	18	
Contract Revenues		759
Contract Costs	434	
G & A Expenses	102	
Other Income		39
Income Tax Expenses	47	
	1557	1557

Adjustments:

(a) Period costs for Prepaid Expenses are \$11 for rent and \$2 for insurance.

(b) Depreciation for this year. Use SOYD.

Description	Original Value	Life	Year of Life	Salvage
Automobile	30	4	3	10
Pickup	16	5	4	1
Dozer	95	10	6	40

- (c) Construction wages incurred (but not yet paid) since last pay day are \$15.
- (d) (1) A physical count of warehouse inventory was taken and showed a loss of \$8 on decreased stock on hand and \$22 on deteriorated material. (2) Jobsite inventory is less than last period by \$6.
- (e) More accurate information regarding percentage of completion resulted in the following adjustments:
 - (1) Decrease in revenue of \$12 on unbilled revenue.
 - (2) On a new project revenues are found to be less than billings by 23.
- (f) A change order decreased a contract amount billed but not yet paid on a project by \$7.
- (g) The company is owed interest of \$8 for past year on a note.

Income tax rate is 40%.

Use MS Excel spreadsheet CEE53103_Template.xls for results, which is at <http://www.ricarr.com/courses.htm> (as is this homework problem statement), or I will send it by email if you request by email. RICarr@umich.edu. In that template, you will notice Adjustments have two columns for each of Dr and Cr, so you can use one column of each to reference the adjustment(s) (E.g., adjustments "a" will be indicated by "(a)".) Please show back-up calculations or cell-formulas where applicable.