

Financial Statement Problem

Your construction company production in August consisted of starting and completing the Argus project. Your August transactions were the following:

1. Materials:
 - a. Purchased \$20,000 on credit.
 - b. Purchased \$14,000 for cash.
 - c. Fabricated and/or installed \$30,000
 - d. Returned \$2,000 for credit
2. Labor:
 - a. Incurred \$26,000
 - b. Paid \$3,000 for labor incurred in July.
 - c. Paid \$24,000 for labor incurred in August.
3. Subcontracts:
 - a. Incurred \$74,000 in subcontract costs on Argus
 - b. Paid \$56,000 on past subcontract bills
 - c. Paid \$13,000 on Argus subcontracts.
4. Revenue/billing:
 - a. Billed \$156,000 for total contract amount on Argus.
 - b. Received \$127,000 on work completed earlier.
5. General and administrative:
 - a. Incurred \$10,000 office worker payroll.
 - b. Paid \$11,000 on August and past office worker payroll.
 - c. Purchased and paid for \$7,200 copy machine (equipment) on (August 15) with 3 year life.
 - d. Purchased \$6,000 office supplies on credit. (Office supplies are considered expenses when purchased.)
 - e. Purchased \$4,000 office supplies for cash.
 - f. Paid \$8,000 for office supplies purchased in August and earlier.
 - g. Loaned new superintendent \$3,000 for personal expenses in moving to Ann Arbor.
 - h. August equipment depreciation expense = \$2,000
 - i. Leased crane (on August 1) from dealer for 2 year for \$24,000.
 - j. Paid \$4,000 on crane lease. (Remaining \$20,000 is to be paid later.)
 - k. You (as owner) withdrew \$7,000 from the company to pay personal expenses.

Show all transactions in the form shown in Fig. F-1 of RIC1. Label each transaction by its alphanumeric designation and sum the balance in each account. Prepare an Income Statement for August and a Balance Sheet as of August 31.

Balance Sheet

July 31, 199x

Assets		Liabilities & Owner's Equity	
Cash	\$43,000	Accounts Payable	\$73,000
Accounts Receivable	\$140,000	Prepaid Services	\$7,000
Inventory	\$12,000	Total Liabilities	\$80,000
Equipment	\$49,000	Owner's Equity	\$170,000
Prepaid Expense	\$6,000		
Total Assets	\$250,000	Total Liab. & O.E.	\$250,000

You may use the MS Excel spreadsheet CEE53101_Template.xls for results, which is on Grader in the CEE 531 directory in 1340 GGB and at <http://mywebpages.comcast.net/rcarr152741MI/> (as is this homework problem statement) or I will send it by email if you request by email. RICarr@umich.edu