

Real Robert Half International

DISCOVER Online Accounting Solutions

EXPLORE Entrepreneurships • Partnerships • Corporations amazon.com Annual Report

THE SIX-COLUMN WORK SHEET

CHAPTER

SECTION 8.1 PREPARING THE WORK SHEET

SECTION 8.2 COMPLETING THE WORK SHEET





The work sheet organizes general ledger account information for the financial statements. After completing the work sheet, you will know the net income or net loss for the accounting period.



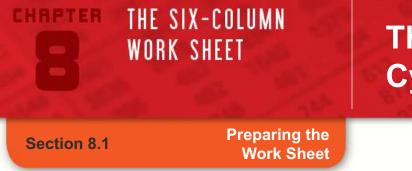


- Explain the purpose of the six-column work sheet.
- Describe the parts of a six-column work sheet.
- Prepare a six-column work sheet.
- Calculate net income and net loss.

	PTER	THE SIX-COLUMN Work sheet	10 12 10 10 10 10 10 10 10 10 10 10 10 10 10			2 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4
Sec	ction 8.1	Preparing the Work Sheet				

Key Terms

- work sheet
- ruling



The Sixth Step of the Accounting Cycle: The Work Sheet

An accountant uses a work sheet to:

Gather information to prepare financial statements.

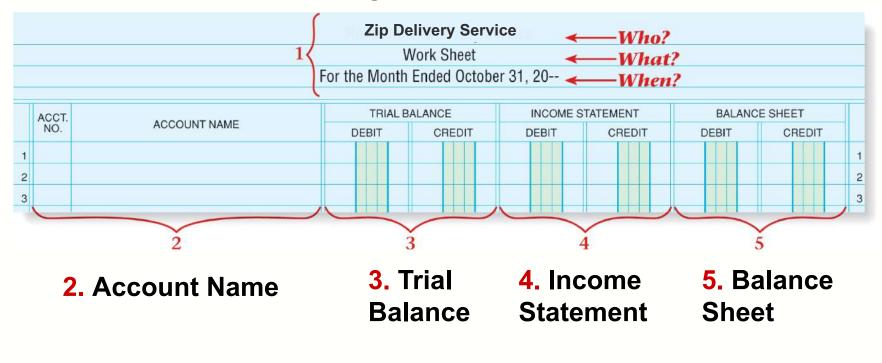
Complete other end-of-period activities.

work sheet

A working paper used to collect information from the ledger accounts for use in completing end-of-period activities.



1. Heading

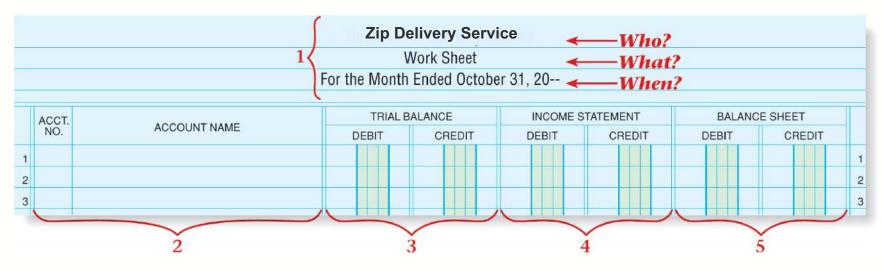


See page 200

CHRPTER THE SIX-COLUMN WORK SHEET The Sixer Section 8.1 Preparing the Work Sheet

The Work Sheet Sections

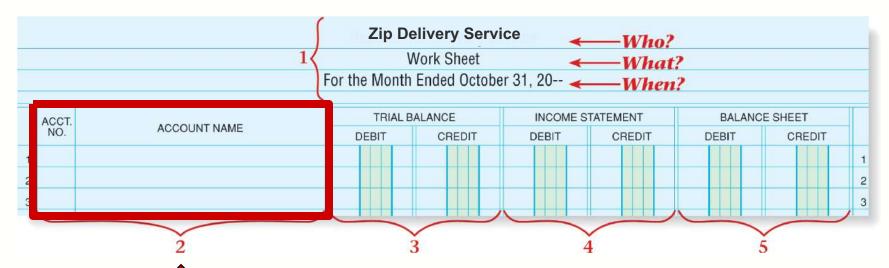
The Heading



Who – The name of the businessWhat – The name of the accounting formWhen – The period covered by the work sheet

THEFFER THE SIX-COLUMN WORK SHEET The Work Sheet Sections Section 8.1 Preparing the Work Sheet

Account Name



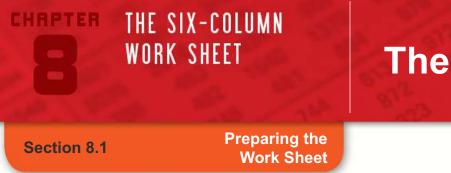
This section contains a listing of all accounts from the general ledger. Include accounts with a zero balance to avoid accidentally omitting an account.

THE SIX-COLUMN WORK SHEET The Work Sheet Sections Section 8.1 Preparing the Work Sheet

Account Name

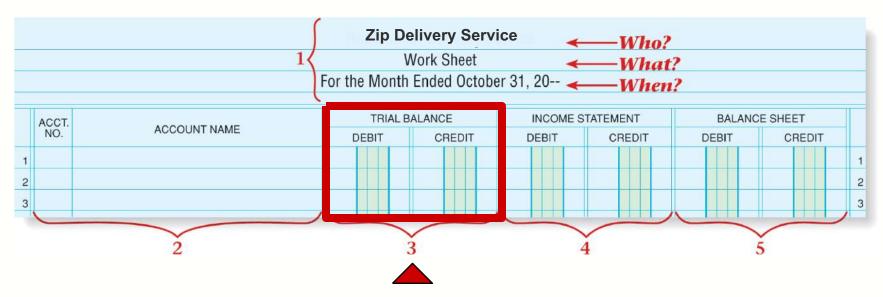
				livery Service ork Sheet					
			For the Month I	Ended October	31, 20				
	ACCT.	ACCOUNT NAME	TRIAL BA	LANCE	INCOME 5	TATEMENT	BALANC	CE SHEET	
	NO.	ACCOUNT NAME	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	
1	101	Cash in Bank	21 1 25 00						1
2	105	Accts. Rec.—City News	145000						2
3	110	Accts. Rec.—Green Company							3
4	115	Computer Equipment	300000						4
5	120	Office Equipment	20000						5
6	125	Delivery Equipment	1200000						6
7	201	Accts. Pay.—Rockport Advertising		7500					7
8	205	Accts. Pay.—Coast to Coast Auto		1165000					8
9	301	Crista Vargas, Capital		2540000					9
10	302	Crista Vargas, Withdrawals	50000						10
11	303	Income Summary							11
12	401	Delivery Revenue		265000					12
13	501	Advertising Expense	7500						13
14	505	Maintenance Expense	60000						14
15	510	Rent Expense	70000						15
16	515	Utilities Expense	12500						16
17			3977500	3977500					17
18									18





The Work Sheet Sections

Trial Balance



There are two steps to follow after this section is complete:

- Ruling the Trial Balance section
- Totaling the Trial Balance section

See page 200

CHAPTER THE SIX-COLUMN WORK SHEET Section 8.1 Preparing the Work Sheet

The Work Sheet Sections

Trial Balance

			Zip Del	ivery Serv	ice				
			M	/ork Sheet					
			For the Month	Ended October	31, 20				
-	ACOT		TRIAL B	ALANCE	INCOME 5	TATEMENT	BALANC	E SHEET	T
	ACCT. NO.	ACCOUNT NAME	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	
1	101	Cash in Bank	21 125 00						1
2	105	Accts. Rec.—City News	145000						2
3	110	Accts. Rec.—Green Company							3
4	115	Computer Equipment	300000						4
5	120	Office Equipment	20000						5
6	125	Delivery Equipment	1200000						6
7	201	Accts. Pay.—Beacon Advertising		7500					7
8	205	Accts. Pay.—North Shore Auto		1165000					8
9	301	Crista Vargas, Capital		25 400 00					9
10	302	Crista Vargas, Withdrawals	50000						10
11	303	Income Summary							11
12	401	Delivery Revenue		265000					12
13	501	Advertising Expense	7500						13
14	505	Maintenance Expense	60000						14
15	510	Rent Expense	70000						15
16	515	Utilities Expense	12500						16
17									17

CHRPTER THE SIX-COLUMN WORK SHEET The W

The Work Sheet Sections

Section 8.1

Preparing the Work Sheet

Ruling the Trial Balance Sections

				very Servi	се				
				ork Sheet					
			For the Month	Ended October	31, 20				
	ACCT		TRIAL BA	LANCE	INCOME S	TATEMENT	BALANC	CE SHEET	Ť
	NO.	ACCOUNT NAME	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	
1	101	Cash in Bank	21 125 00						- 17
2	105	Accts. Rec.—City News	145000						2
3	110	Accts. Rec.—Green Company							3
4	115	Computer Equipment	300000						- 4
5	120	Office Equipment	200 00						ŧ
6	125	Delivery Equipment	1200000						6
7	201	Accts. Pay.—Beacon Advertising		7500					7
8	205	Accts. PayNorth Shore Auto		1165000					6
9	301	Crista Vargas, Capital		2540000					g
10	302	Crista Vargas, Withdrawals	500 00						10
11	303	Income Summary							11
12	401	Delivery Revenue		265000					12
13	501	Advertising Expense	7500						13
14	505	Maintenance Expense	600 00						14
15	510	Rent Expense	70000						15
16	515	Utilities Expense	12500						16
17			3977500	3977500					17
18									18

ruling

Drawing a line; a single *rule* (line) drawn under a column of figures indicates that the entries above the rule are to be added or subtracted. If an amount is a total and no further processing is needed, a double rule is drawn under it.

CHRPTER 8	THE SIX-COLUMN Work Sheet	The Work Sheet Sections
Section 8.1	Preparing the Work Sheet	

Totaling the Trial Balance Section

			•	ivery Serv	ice				
				Vork Sheet					
_			For the Month	Ended October	31, 20				
	ACCT.		TRIAL B	ALANCE	INCOME S	TATEMENT	BALANC	E SHEET	Г
	NO.	ACCOUNT NAME	DEBIT	GREDIT	DEBIT	CREDIT	DEBIT	CREDIT	
1	101	Cash in Bank	21 1 25 00						1
2	105	Accts. Rec.—City News	145000						2
3	110	Accts. Rec.—Green Company							2
4	115	Computer Equipment	3 000 00						4
5	120	Office Equipment	20000						8
6	125	Delivery Equipment	1200000						e
7	201	Accts. Pay.—Beacon Advertising		7500					7
8	205	Accts. Pay.—North Shore Auto		1165000					٤
9	301	Crista Vargas, Capital		2540000					ુ
10	302	Crista Vargas, Withdrawals	50000						10
11	303	Income Summary	-						11
12	401	Delivery Revenue		265000					12
13	501		7500						13
14	505	Maintenance Expense	60000						14
15	510		70000						15
16	515	Utilities Expense	12500						16
17			3977500	3977500					17
18									18

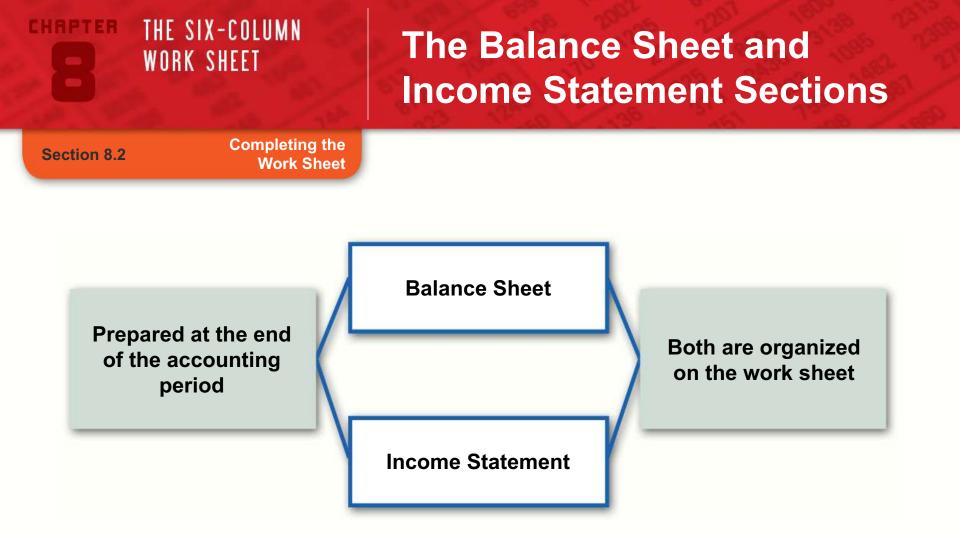
A double line is drawn under the totals to identify the above numbers as totals.

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Key Terms

- matching principle
- net income
- net loss





The Balance Sheet and Income Statement Sections

Balance Sheet Section

Amounts are transferred, or extended, from the Trial Balance section for these account types.

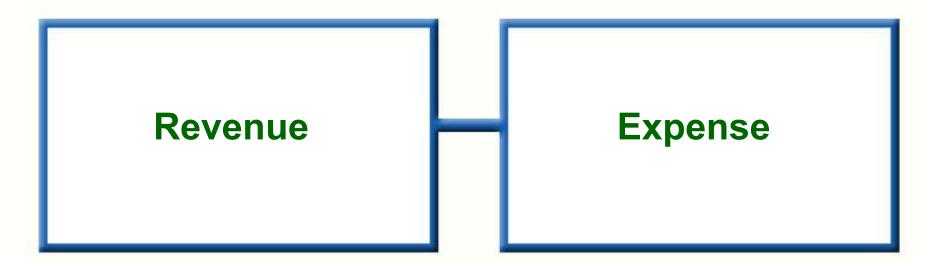




The Balance Sheet and Income Statement Sections

Income Statement Section

Amounts are extended from the Trial Balance section for these account types.



The Balance Sheet and Income Statement Sections

Section 8.2

CHAPTER

Completing the Work Sheet

THE SIX-COLUMN

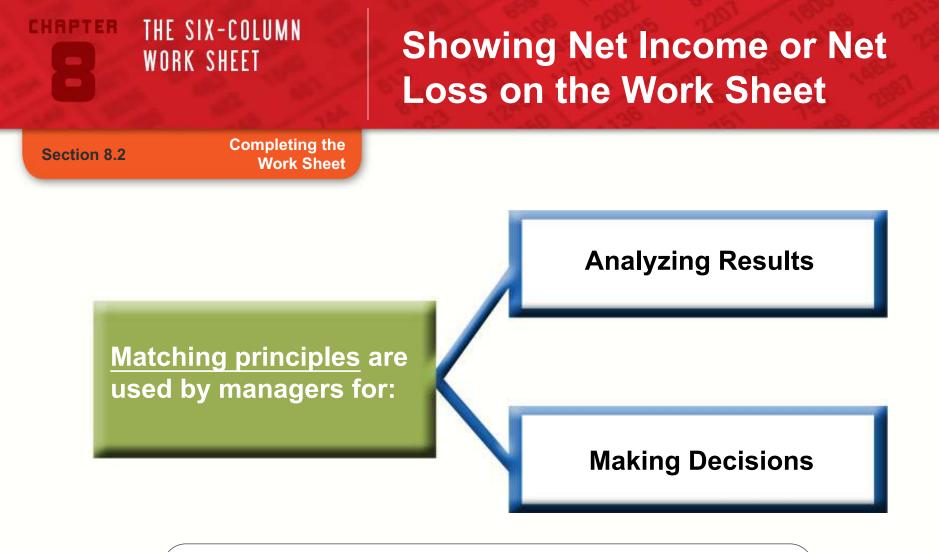
WORK SHEET

			Zip D		-		e						
					k Sheet								
			For the Mon	ith En	ded Oct	ober 3	31, 20						
	ACCT.		TRIA	LBALA	NCE		INCOME ST	TEMENT	BAL	ANCE	E SHEE	ET	
	NO.	ACCOUNT NAME	DEBIT		CREDIT		DEBIT	CREDIT	DEBIT		CI	REDIT	
1	101	Cash in Bank	211250	00					21125	00			
2	105	Accts. Rec.—City News	14500	00					1450	00			4
3	110	Accts. Rec.—Green Company	_						-	-			
4	115	Computer Equipment	30000	00					3000	00			
5	120	Office Equipment	2000	00					200	00			ŧ
6	125	Delivery Equipment	120000	00					12000	00			6
7	201	Accts. Pay.—Beacon Advertising			75	00						750	00 7
8	205	Accts. PayNorth Shore Auto		1	1650	20					11	6500	00 8
9	301	Maria Sanchez, Capital		2	25400	00					25	4000	00 9
10	302	Crista Vargas, Withdrawals	5000	00					500	00			10
11	303	Income Summary	-	-	4-	-							11
12	401	Delivery Revenue			2650	00		265000					12
13	501	Advertising Expense	750	00			7500						13
14	505	Maintenance Expense	6000	00			600 00						14
15	510	Rent Expense	7000	00			70000						15
16	515	Utilities Expense	1250				125 00						16
17			397750	0 3	9775	00	150000	265000	38275	00	37	1250	00 17
18													18

A single line is drawn below the entries in the Income Statement and Balance Sheet sections to indicate they are ready for totaling.

Once the columns are totaled, they will not be equal until the net income or net loss is added.

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matching principle

Principle requiring that the expenses incurred in an accounting period are matched with revenue earned in the same period.

Showing Net Income or Net Loss on the Work Sheet

Section 8.2

CHAPTER

Completing the Work Sheet

Showing Net Income on the Work Sheet

Zip Delivery Service Work Sheet

ACCT. 101 0 1 . 0 A - After the last account, skip a line enter the words Ne Income or Net Loss the Account Name column. 14 JUJ INIUIIILEIIUI

THE SIX-COLUMN

WORK SHEET

ACCT.	-	TRIAL	BALA	NCE	INCOME ST	ATEMENT	BALANCE	SHEET	
NO. ACCOUNT NAM	E	DEBIT		CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	
101 Cash in Dank		211250	0				21 1 25 00		1
e last		14500	0				145000		2
	ıny	-							3
ip a line and		30000	- TA				300000		4
		2000	1.5.4				20000		5
ords Net		120000	0				1200000		6
	rtising			7500				7500	1 -
Vet Loss in	Auto			165000				1165000	
		5000		540000			60000	2540000	
t Name	vals	5000	0				50000		10
t name				265000		265000			11
		750	_	203000	7500	203000			12
		6000			600 00				13
5 510 Rent Expense		7000			70000				14
6 515 Utilities Expense		1250			12500				16
7		397750	- 10 C	977500	150000	265000	3827500	3712500	1 1.00
18 Net Income					115000			115000	1 110
9									19

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Showing Net Income or Net Loss on the Work Sheet

Section 8.2

CHRETER

Completing the Work Sheet

THE SIX-COLUMN

WORK SHEET

Showing Net Income on the Work Sheet

Zin Delivery Service

B - On the same line, enter the net income total under the Income Statement Debit column, or the net loss under the Credit column.

17

18 19

15 510 Rent Exper

Net Incom

		2	-ip	Dei	ivery	Servi	ce						
					ork Sh								
		For the	e Mo	nth I	Ended	October	31, 20						
	45	1	TRI	AL BA	LANCE		INCOME STA	TEMENT		BALANC	E SHEI	T	1
ACCOUNT NAI	ME	D	EBIT		CRE	DIT	DEBIT	CREDI	г	DEBIT	CF	REDIT	
		21	125	00						2112500			1
ne,		1	450	00						145000			2
ю,	ıny	-		-2									3
าย		3	000	00						300000			4
			200	00						20000			5
ome		12	000	00						1200000			6
	rtising					7500						750	0 7
	Auto				116.	5000					11	6500	0 в
					2540	0000					25	4000	0 9
OSS	als	-	500	00						50000			10
		-		-	-		-	-	-				11
					26:	5000		2650	000				12
			75	00			7500						13
			500	00			60000						14
nse			700	00			70000						15
xpense			125	10.00			12500						16
		39	775	00	397	7500	150000	2650	00	3827500	37	1250	0 17
ie							115000				-1	1500	0 18
													19
				-	/	1 10 10	dat tot die	1.1.1	dir oli	/	-	al ha	
				B						Ċ			

THE SIX-COLUMN CHAPTER **Showing Net Income or Net** WORK SHEET Loss on the Work Sheet

Section 8.2

Completing the Work Sheet

Showing Net Income on the Work Sheet

			Zip	Del	ivery Servi	се				
				W	ork Sheet					
			For the M	onth E	Ended October	31, 20				
A	ACCOUNT NAME	_	TI	RIAL BA	LANCE	INCOME ST/	TEMENT	BALANC	E SHEET	
	NO	=	DEBI		CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	
1 2	101 Cash in Bank		2112					21 1 25 00		1
			145	000				145000		2
C - On the sa	ame line,	ıny	-	-						3
	,		300					300000		4
enter the net	Income			000				200 00		5
amount unde	or tha		1200	000	7,500			1200000		6
amount unue		rtising			7500				201-111	00 7
Balance She	et Credit	Auto			1165000				11650	
			50	000	2540000			60000	25400	
column, or th	ne net loss	vals	50	000				50000		10
,				T+	265000		265000			11
under the De	ebit column.		7	500	203000	7500	203000			12
	505 Maintenance Expense			000		600 00				13
	510 Rent Expense			000		70000				14
	515 Utilities Expense		21 220	500		125 00				15
17	15 Ounies Expense		3977		3977500	150000	265000	3827500	37125	
17	Net Income		5201		0.11000	115000	200000	5027500	-1150	
19										19
13									l J.I.I.	15
	A			B				c		

WORK SHEET

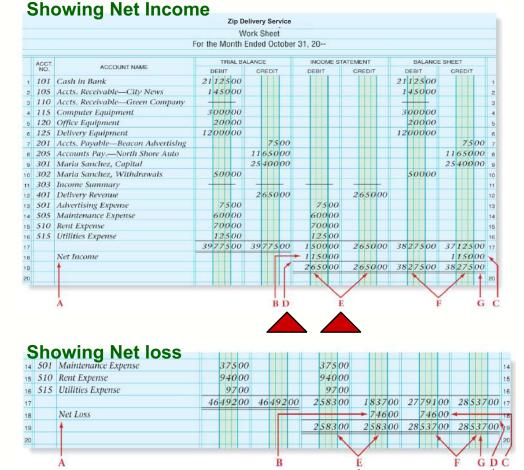
Showing Net Income or Net Loss on the Work Sheet

Section 8.2

Completing the Work Sheet

D - Draw a single rule
 across the four Income
 Statement and Balance
 Sheet columns below
 net income.

E - Bring down the Income Statement Debit and Credit column totals (after adding net income or net loss).



Showing Net Income or Net Loss on the Work Sheet

Section 8.2

CHRPTER

Completing the Work Sheet

F - Bring down the Balance Sheet Debit and Credit column totals (after adding net income or net loss).

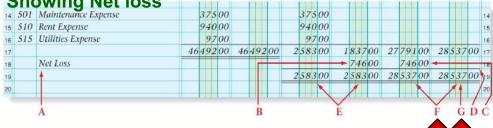
THE SIX-COLUMN

WORK SHEET

G - Draw a double rule under the four Balance Sheet and Income Statement totals.

Total debits should equal total credits.

		W	ork Shee	t						
	For the Mor	nth I	Ended Oc	tober	31, 20					
•	TRIA	LBA	LANCE	1	INCOME	STA	FEMENT	BALANC	E SHEET	Г
ACCOUNT NAME	DEBIT		CREDI	r 👘	DEBIT		CREDIT	DEBIT	CREDIT	
Cash in Bank	21125	00						2112500		1
Accts. Receivable-City News	1450	00						145000		2
Accts. Receivable—Green Company		-								3
Computer Equipment	30000	00						300000		
Office Equipment	2000	00						20000		5
Delivery Equipment	12000	00						1200000		6
Accts. Payable—Beacon Advertising			7	500					7500	7
Accounts PayNorth Shore Auto			11650	00					1165000	8
Maria Sanchez, Capital			25 400	00					25 400 00	9
Maria Sanchez, Withdrawals	5000	00						50000		10
Income Summary		-	-	-						11
Delivery Revenue			2650	00			265000			12
Advertising Expense	750	00			750	0				13
Maintenance Expense	6000	00			6000	0				14
Rent Expense	700	00			7000	0				15
Utilities Expense	1250	00			1250	0				16
	39775	00	39775	500	15000	0	265000	3827500	37 125 00	17
Net Income			1		- 11500	0			115000	
+				1	26500	0	265000	3827500	3827500	
					X		1	X	1 +	20
	ACCOUNT NAME Cash in Bank Accts, Receivable—City News Accts, Receivable—City News Computer Equipment Office Equipment Delivery Equipment Accounts Pay.—North Shore Auto Maria Sanchez, Capital Maria Sanchez, Withdrawals Income Summary Delivery Revenue Advertising Expense Maintenance Expense Rent Expense Rent Expense Utilities Expense	ACCOUNT NAME THUE DEBIT Cash in Bank 21 125 Cash in Bank 21 125 Accts, Receivable—City News 1450 Accts, Receivable—City News 1450 Accts, Receivable—City News 1450 Computer Equipment 2000 Office Equipment 2000 Acts, Payable—Beacon Advertising Accounts Pay—North Shore Auto Maria Sanchez, Capital Maria Sanchez, Capital Maria Sanchez, Withdrawals 5000 Income Summary Delivery Revenue Advertising Expense 6000 Rent Expense 7000 Utilities Expense 125 39 77 5 39 77 5	ACCOUNT NAME THAL BA Cash in Bank 21 1 2 5 00 Accts. Receivable—City News 1 4 5 000 Accts. Receivable—Green Company - Computer Equipment 300000 Office Equipment 20000 Defivery Equipment 12 00000 Accts. Payable—Beacon Advertising - Accounts Pay_—North Shore Auto - Maria Sanchez, Capital - Maria Sanchez, Withdrawals 5 00000 Income Summary - Delivery Revenue - Advertising Expense 7 5 00 Maritenance Expense 7 00000 Withites Expense 7 5 00 Mutilities Expense 7 5 00	ACCOUNT NAME THIAL BALANCE DEBIT DEBIT OREDT Cash in Bank 21 12 5 00 Acts. Receivable—City News 14 5 0 00 Accts. Receivable—City News 14 5 0 00 Computer Equipment 3000 00 Office Equipment 200 00 Computer Equipment 200 00 Office Equipment 200 00 Computer Equipment 12 000 00 Accts. Payable—Beacon Advertising 72 Accounts Pay.—North Shore Auto 11 655 Maria Sanchez, Capital 25 400 Delivery Revenue 26 50 Delivery Revenue 2 6 50 Maintenance Expense 600 00 Rent Expense 700 00 Utilities Expense 12 5 00	ACCOUNT NAME THAL BALANCE DEBIT CREDIT Cash in Bank 21 12500 Accts, Receivable—City News 145000 Accts, Receivable—Green Company - Computer Equipment 300000 Office Equipment 20000 Office Equipment 1200000 Accts, Payable—Beacon Advertising 7500 Accounts Pay_—North Shore Auto 11650000 Maria Sanchez, Capital 25 40000 Income Summary - Delivery Revenue 265000 Advertising Expense 7500 Marintenance Expense 600000 Rent Expense 7500 Utilities Expense 72500	ACCOUNT NAME DEBIT CREDIT DEBIT Cash in Bank 21 12\$00 1 1 Accts. Receivable—City News 1 45000 1 1 Accts. Receivable—Green Company - 1 1 Computer Equipment 300000 1 1 1 Office Equipment 20000 1 1 1 Office Equipment 1200000 1 1 1 Accts. Payable—Beacon Advertising 7500 1 1 1 Accounts Pay—North Shore Auto 11 65000 1	ACCOUNT NAME TRIAL BALANCE INCOME STA Cash in Bank 21 12500 DEBIT DE	TRIAL BALANCEINCOME STATEMENTCash in Bank21 12500 DEBTCREDITDEBTCREDITCash in Bank21 12500 11DEBTCREDITCREDITAccts. Receivable—City News 145000 1411Accts. Receivable—Green Company11Computer Equipment 20000 -111Delivery Equipment12 00000 -11Accounts Pay.—North Shore Auto1 1650000 -11Maria Sanchez, CapitalMaria Sanchez, Withdrawals 50000 -265000-Income SummaryDelivery Revenue2 265000 7500265000Marinenance Expense7500750075001000010000Maintenance Expense700001000026500010000Waintenance Expense750015000010000265000Waintenance Expense1250015000010000265000Waintenance Expense12500150000265000Waintenance Expense12500150000265000Waintenance Expense115000150000265000Waintenance Expense1150001500001500001WaintenanceYaine1150001500001 <td< td=""><td>ACCOUNT NAME THIAL BALANCE INCOME STATEMENT BALANCE Cash in Bank 21 125 00 DEBIT CREDIT CREDIT CREDIT CREDIT DEBIT CREDIT DEBIT CREDIT DEBIT CREDIT DEBIT CREDIT DEBIT DEBIT CREDIT DEBIT DEDIT D</td><td>ACCOUNT NAME THAL BALANCE INCOME STATEMENT BALANCE SHEET Cash in Bank 21 12500 21 12500 21 12500 21 12500 21 12500 21 12500 21 12500 21 12500 21 12500 21 12500 20 <td< td=""></td<></td></td<>	ACCOUNT NAME THIAL BALANCE INCOME STATEMENT BALANCE Cash in Bank 21 125 00 DEBIT CREDIT CREDIT CREDIT CREDIT DEBIT CREDIT DEBIT CREDIT DEBIT CREDIT DEBIT CREDIT DEBIT DEBIT CREDIT DEBIT DEDIT D	ACCOUNT NAME THAL BALANCE INCOME STATEMENT BALANCE SHEET Cash in Bank 21 12500 21 12500 21 12500 21 12500 21 12500 21 12500 21 12500 21 12500 21 12500 21 12500 20 <td< td=""></td<>



CHAPT		SIX-COLUMN (Sheet	Showing a Loss on th
Section	n 8.2	Completing the Work Sheet	

Showing a Net Income or Net Loss on the Work Sheet

Showing Net Loss 501 Maintenance Expense 37500 37500 14 14 Rent Expense 94000 94000 510 15 15 9700 515 Utilities Expense 9700 16 16 4649200 4649200 183700 2779100 28 537 00 17 258300 17 Net Loss ► 74600 74600 -18 18 258300 258300 2853700 28 537 00 19 19 20 20 B GDC E A F

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net loss

The amount by which total expenses exceed total revenue for the accounting period.

WORK SHEET

A Review of the Six-Column Work Sheet

Section 8.2

Completing the Work Sheet



Enter the heading.



Enter account numbers, names, and balances.



Show that Trial Balance debits and credits are equal.



Transfer the Trial Balance values to the Income Statement and Balance Sheet sections.



Total the Income Statement and Balance Sheet columns.



Determine the net income or net loss.



Enter the net income or net loss in the Income Statement and Balance Sheet columns.



Total and rule the four columns.



Question 1

List the steps involved in completing a six-column work sheet.



Enter the heading.



Enter account numbers, names, and balances.



Show that Trial Balance debits and credits are equal.



Transfer the Trial Balance values to the Income Statement and Balance Sheet sections.



Total the Income Statement and Balance Sheet columns.



Determine the net income or net loss.



Enter the net income or net loss in the Income Statement and Balance Sheet columns.

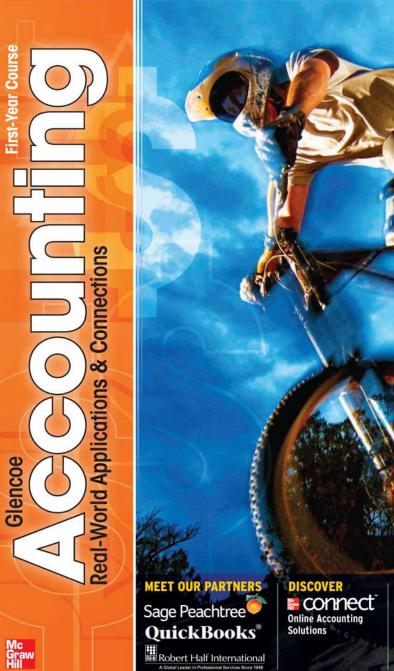


Total and rule the four columns.



Why are the Balance Sheet columns not equal for a business that has net income?

The Trial Balance will be equal, but when the revenue and expense items (temporary capital accounts) are separated from the Balance Sheet accounts, the Income Statement and Balance Sheet columns will be out of balance by the same amount. This happens because revenues increase and expenses decrease the owner's equity account (capital). Net income occurs when revenue exceeds expenses. Therefore, the capital account will be out of balance by the amount of the net income.



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THE SIX-COLUMN WORK SHEET

SECTION 8.1 PREPARING THE WORK SHEET

SECTION 8.2 COMPLETING THE WORK SHEET