

## B-03.10

Evaluate the following items, and determine the correct amount to report on the income statement for each, using the accrual basis of accounting for the referenced period of time.

- Revenues    A Company had beginning accounts receivable of \$8,000. The company reported cash basis revenues of \$100,000. The ending accounts receivable amounted to \$18,000.
- Supplies    B Company purchased \$25,000 of supplies. Supplies on hand decreased by \$5,000 during the period.
- Rent        C Company started the year with no prepaid rent, and ended the year with \$1,000 in prepaid rent. Rent expense on a cash basis was \$13,000.
- Equipment    A the beginning of the year, D Company purchased and expensed an item of equipment for \$20,000. The equipment has a 4-year life, and will be worthless after four years.
- Wages        There were no wages payable at the beginning of the year. E Company paid \$145,000 in wages during the year, and owed an additional \$12,000 at year's end.