

Sandiv Singh, a self-employed handyman, operates a landscaping business. On April 30, 2003, the balance sheet showed Cash \$2,000, Accounts Receivable \$1,000, Truck \$6,000, Gardening Equipment \$1,900, Accounts Payable \$1,000, and Sandiv Singh, Capital, \$9,900.

During May the following transactions occurred:

1. Collected \$800 of accounts receivable.
2. Paid \$1,800 cash on accounts payable.
3. Charged customers \$25,400, of which \$20,600 was collected in cash, \$2,000 is expected to be collected in June and the balance in July.
4. Purchased a wheelbarrow for \$500; paid \$500 in cash.
5. Paid \$2,600 in salaries, grass sod for \$3,000 (which was laid in a customer's garden) and telephone expenses, \$450.
6. Withdrew \$2,000 in cash for personal use.
7. Received \$1,000 from the Bank of Nova Scotia - money borrowed on a short term note payable.
8. Incurred utility expenses for the month on account, \$1,845.

### Instructions

- (a) Beginning with April 30 balances, prepare a tabular analysis of the May transactions. The column headings should be as follows: Cash + Accounts Receivable + Computer Equipment + Gardening Equipment + Truck = Accounts Payable + Sandiv Singh, Capital.
- (b) Prepare an income statement for May, a statement of owner's equity for May, and a balance sheet at May 31 for Sandiv Singh.

### Action Plan

- Remember that assets must equal liabilities plus owner's equity after each transaction.
  - Investments and revenues increase owner's equity.
    - Expenses decrease owner's equity.
  - The income statement shows revenues and expenses for a period of time.
- The statement of owner's equity shows the changes in owner's equity for a period of time.

- The balance sheet reports assets, liabilities, and owner's equity at a specific date