

Generally accepted
accounting principles
and horizontal
statements model
essay sa...



Klyn Manufacturing Company experienced the following accounting events during its first year of operation. Except for the depreciation adjusting entries, all transactions are cash transactions. 1. Acquired \$50, 000 cash from the issue of common stock.

2. Paid \$6, 800 for the materials that were used to make its products. All products started were completed during the period. 3. Paid salaries of \$4, 300 to selling and administrative employees. 4. Paid wages of \$7, 200 to production workers.

5. On January 1, paid \$9, 000 to buy furniture used in selling and administrative offices. 6. Recorded annual depreciation on the furniture referred to in Event 5. The furniture had a \$1, 000 estimated salvage value and a 5-year useful life. 7. On January 1, paid \$23, 000 to buy manufacturing equipment. 8. Recorded annual depreciation on the equipment referred to in Event 7. It had a \$3, 000 estimated salvage value and a 4-year useful life. 9. Completed 4, 000 units of product. Determine the cost per unit and the sales price per unit assuming the sales price is cost plus 60% of cost. Record the sale of 3, 000 units of product. 10. Code the recognition of cost of goods sold for the units sold in Event 9.

Required

Show how these events would affect the balance sheet and income statement by recording them in a horizontal financial statements model like the one shown below.