

Project: Ice Cream Systems

Cost Accounting : Project: Ice Cream Systems

Lesson 5 Overview

The goal of this graded project is to create the following financial statements for Ice Cream Systems (ICS):

- Balance sheet
- Income statement
- Post-closing trial balance

The financial statements must be created in **one** Word document (.doc or .docx file). Alternatively, an Excel workbook may be used (.xls or .xlsx file). A Rich Text Format (.rtf file) may be used by Mac users. The Word, Excel, or Rich Text Format file will be uploaded for grading.

5.1 Prepare a balance sheet, an income statement, and post-closing trial balance for Ice Cream Systems (ICS)

Graded Project: Ice Cream Systems

READING ASSIGNMENT

Once you've completed the project and your **one file** is ready to be submitted, follow the instructions below. Be sure to check your work and to upload the correct file. Your project will be individually graded by your instructor and therefore may take up to five to seven days to grade. Be sure that each of your files contains the

following information:

- Your name
- Your student ID number
- The exam number
- Your email address

To submit your graded project, follow these steps:

- Log in to your student portal.
- Click on **Take Exam** next to the lesson you're working on.
- Find the exam number for your project at the top of the Project Upload page.
- Follow the instructions provided to complete your exam.

Be sure to keep a backup copy of any files you submit to the school!

Project Goal

The goal of this graded project is to create the following financial statements for Ice Cream Systems (ICS):

- Balance sheet
- Income statement
- Post-closing trial balance

The financial statements must be created in one Word document (.doc or .docx file). Alternatively, an Excel workbook may be used (.xls or .xlsx file). A Rich Text Format (.rtf file) may be used by Mac users. The Word, Excel, or Rich Text Format file will be uploaded for grading.

Project Information

Read the following information thoroughly before beginning your work.

This will help you become familiar with the project. The material you need

to know to complete the project has been covered in the textbook and in the assigned exercises and problems. If you understood the chapters and completed the assigned homework problems, you should have no problem with the project.

The project is to be done by hand with a pencil and paper. Use the blank forms provided. (Make as many copies as needed.) At the end of the project, you'll be given instructions for creating and uploading the financial statements in a Word, Excel, or Rich Text Format file for grading.

Note: It's important to format financial statements properly. They must follow Generally Accepted Accounting Principles (GAAP), which create a uniformity of financial statements for analyzing. This allows for an easier comparison, as all businesses follow GAAP. Therefore, the financial statements you create should replicate those in the textbook. Failure to do so will result in a loss of points.

This project references "debits equaling credits." This is a fundamental principle of accounting, and violation of this principle is not acceptable under any circumstance. If debits don't equal credits, it suggests that someone has "cooked the books" or presented false information. It also allows for embezzlement. If debits don't equal credits, the cause may be a lack of understanding of accounting principles or carelessness when making journal entries, posting to the general ledger accounts, or completing the math. Remember that instructors are available to help you! If your mistakes are careless, go back over the work slowly until the error is found.

The accounting equation must balance on the balance sheet. This is another fundamental principle of accounting that can't be violated. Unbalanced equations are *completely unacceptable*. When the equation doesn't balance, it's easily detectable by someone who knows accounting, and it suggests the numbers have been "fudged." If your debits equal your credits and you understand which general ledger accounts belong on which financial statements, then the accounting equation should balance. It's really all about understanding the concepts and applying that understanding.

The following financial statements are provided for ICS:

1. Chart of Accounts
2. Post-Closing Trial Balance
3. Schedule of Accounts Receivable
4. Schedule of Accounts Payable
5. Schedule of Employer Payroll Taxes Allocation
6. Format for the Income Statement
7. Format for the Balance Sheet
8. Job Cost Record

Chart of Accounts	
Assets (1000–1999)	
1100	Cash
1200	Accounts Receivable
1300	Direct Materials

1350	Indirect Materials and Factory Supplies
1400	Work in Process
1500	Finished Goods
1600	Prepaid Advertising
1650	Prepaid Insurance
1700	Office Supplies
1800	Factory Equipment
1800.1	Accumulated Depreciation—Factory Equipment
1850	Office Equipment
1850.1	Accumulated Depreciation—Office Equipment
Liabilities (2000–2999)	
2100	Accounts Payable
2200	Salaries Payable
2300	Federal Withholding Tax (FWT) Payable
2325	FICA Tax Payable
2350	FUTA Tax Payable
2375	SUTA Tax Payable
2500	Unearned Revenue
Owner's Equity (3000–3999)	
3100	Common Stock (\$10 Par)

3150	Paid-In Capital in Excess of Par—Common Stock
3700	Retained Earnings
3900	Income Summary
Revenues (4000–4999)	
4100	Sales
4200	Sales Discounts
Expenses (5000–5999)	
5100	Cost of Goods Sold
5150	Factory Overhead
5200	Sales Salaries Expense
5225	Officers' Salaries Expense
5250	Office Salaries Expense
5300	Rent Expense
5350	Advertising Expense
5400	Utilities Expense
5450	Office Supplies Expense
5500	Postage Expense
5550	Telephone Expense
5575	Insurance Expense
5600	Depreciation Expense
5700	Payroll Tax Expense

5800	Bad Debt Expense
5900	Miscellaneous Expense

ICE CREAM SYSTEMS			
Post-Closing Trial Balance			
January 1, 20—			
ACCOUNT NUMBER	DESCRIPTION	DEBIT	CREDIT
1100	Cash	\$117,964.23	
1200	Accounts Receivable	51,484.00	
1300	Direct Materials	64,350.00	
1350	Indirect Materials & Factory Supplies	18,772.00	
1400	Work in Process	142,695.00	
1500	Finished Goods	27,696.00	
1600	Prepaid Advertising	—	
1650	Prepaid Insurance	—	
1700	Office Supplies	342.25	
1800	Factory Equipment	246,857.00	
1800.1	Accumulated Depreciation—Factory Equipment		99,653.35
1850	Office Equipment	38,567.00	
1850.1	Accumulated Depreciation—Office Equipment		18,845.66
2100	Accounts Payable		9,814.00

2200	Salaries Payable		—
2300	FWT Payable		1,613.11
2325	FICA Tax Payable		822.68
2350	FUTA Tax Payable		1,032.39
2375	SUTA Tax Payable		1,871.20
2500	Unearned Revenue		—
3100	Common Stock (\$10 Par)		350,000.00
3150	Paid-In Capital in Excess of Par—Common		32,500.00
3700	Retained Earnings	_____	<u>192,575.09</u>
TOTALS		\$708,727.48	\$708,727.48

ICE CREAM SYSTEMS

Schedule of Accounts Receivable

January 1, 20—

Name	Balance
Horsfield Happy Ice Cream	\$17,345.00
Messina Missions	9,458.00
Ashman Alcove Designs	24,681.00
Day Dreamer's Ice Cream	0.00
Total Accounts Receivable	\$51,484.00

ICE CREAM SYSTEMS	
Schedule of Accounts Payable	
January 1, 20—	
Name	Balance
O-Ring Enterprises	\$6,941.00
Smith Synthetics	0.00
Rockaway Metal	2,873.00
OfficeMax	0.00
Total Accounts Payable	\$9,814.00

ICE CREAM SYSTEMS							
Schedule of Employer Payroll Tax Allocation							
January 31, 20—							
Employer Payroll Taxes							
Job	Wages	FWT (15%)	FICA (7.65%)	FUTA (0.8%)	SUTA (1.45%)	Total Employer Taxes	Net Pay

Direct Labor Totals							
Sales Salaries							
Officers' Salaries							
Office Salaries							
Totals							

To obtain the Schedule of Employer Payroll Tax Allocation, go to the [Financial Accounting](http://pflibrary.pennfoster.edu/c.php?g=904823&p=6513373) (pflibrary.pennfoster.edu/c.php?g=904823&p=6513373) section of the Penn Foster Library and select the Blank Forms tab.

EXAMPLE COMPANY		
Income Statement		
For the Period Ending January 1, 20—		
Operating Revenue		
Sales	\$ XX,XXX.XX	
Less: Sales Discounts	<u>XXX.XX</u>	
Total Operating Revenue		\$ XX,XXX.XX
Cost		

COGS—Cost of Goods Sold	XX,XXX.XX	
Total Cost		<u>XX,XXX.XX</u>
Gross Profit		XX,XXX.XX
Expenses		
Sales Salaries Expense	XX,XXX.XX	
Officers' Salaries Expense	XX,XXX.XX	
Office Salaries Expense	XX,XXX.XX	
Rent Expense	XX,XXX.XX	
Advertising Expense	XX,XXX.XX	
Utilities Expense	XX,XXX.XX	
Office Supplies Expense	XX,XXX.XX	
Postage Expense	XX,XXX.XX	
Telephone Expense	XX,XXX.XX	
Insurance Expense	XX,XXX.XX	
Depreciation Expense	XX,XXX.XX	
Payroll Tax Expense	XX,XXX.XX	
Bad Debt Expense	XX,XXX.XX	
Miscellaneous Expense	XX,XXX.XX	
Total Expenses		<u>XX,XXX.XX</u>
Net Profit/(Loss)		\$XX,XXX.XX

EXAMPLE COMPANY

Balance Sheet

For the Period Ending January 1, 20—

<u>ASSETS</u>			
Current Assets			
Cash		\$ XX,XXX.XX	
Accounts Receivable		X,XXX.XX	
Direct Materials		X,XXX.XX	
Indirect Materials and Factory Supplies		X,XXX.XX	
Work in Process		X,XXX.XX	
Finished Goods		X,XXX.XX	
Prepaid Advertising		X,XXX.XX	
Prepaid Insurance		X,XXX.XX	
Office Supplies		<u>X,XXX.XX</u>	
Total Current Assets			\$ XX,XXX.XX
Property, Plant & Equipment			

Factory Equipment	\$ XX,XXX.XX		
Less: Accumulated Depreciation— Factory Equipment	<u>XX,XXX.XX</u>		
Office Equipment	X,XXX.XX		
Less: Accumulated Depreciation— Office Equipment	<u>X,XXX.XX</u>	<u>X,XXX.XX</u>	
Total Property, Plant & Equipment			<u>X,XXX.XX</u>
TOTAL ASSETS			\$ XX,XXX.XX
<u>LIABILITIES</u>			
Accounts Payable		\$ X,XXX.XX	
Salaries Payable		X,XXX.XX	
FWT Payable		X,XXX.XX	
FIXA Tax Payable		X,XXX.XX	
FUTA Tax Payable		X,XXX.XX	
SUTA Tax Payable		X,XXX.XX	
Unearned Revenue		X,XXX.XX	
TOTAL LIABILITIES			\$ XX,XXX.XX

EXAMPLE COMPANY

Balance Sheet

As of January 31, 20—

<u>STOCKHOLDERS' EQUITY</u>			
Common Stock (\$10 par)		\$ XXX,XXX.XX	
Paid-In Capital in Excess of Par—Common Stock		XXX,XXX.XX	
Retained Earnings		<u>XXX,XXX.XX</u>	
TOTAL STOCKHOLDERS' EQUITY			<u>XXX,XXX.XX</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY			\$ XXX,XXX.XX

JOB COST RECORD

Job Number:		Date Promised:					
Customer Name:		Date Started:					
Job Description:		Date Completed:					
Date	Materials (Direct & Indirect)		Labor		Factory Overhead		
	Estimate	Actual	Estimate	Actual	Date	Estimate	Actual

2. As the controller of the company, you're responsible for daily accounting operations, adjusting and closing the monthly accounting periods, and preparation of financial statements.
3. ICS operates on a calendar-year basis from January 1 to December 31 with a monthly accounting period. It uses a job-order cost system.
4. Jobs that are in process are recorded on Job Cost Records. Records are maintained for each job. New jobs are assigned numbers sequentially. They contain the accumulated costs for direct material, direct labor, and factory overhead. (For the purposes of this project, it's assumed that all jobs prior to the current accounting period are either in process or complete and all resulting entries have been made in the previous accounting period.)
5. ICS makes all journal entries in the General Journal. No special journals are used.
6. For purposes of this project, cash doesn't need to be reconciled to a bank statement.
7. Information related to Payroll:
 - Payroll is paid monthly on the last day of each month. Therefore, there's no accrual for payroll.
 - Gross pay for direct labor goes to Finished Goods or Work in Process if appropriate.
 - Salaries for non-factory workers go to the appropriate salary expense accounts.
 - The company's salesperson works on 10% straight commission of sales during the month.
 - Federal Withholding Tax is 15% of gross pay for everyone and is recorded whenever gross pay is recorded. FWT is remitted

monthly for the previous month.

- There are no deductions for state or local withholding tax. n FICA tax rate is 7.65% of gross pay. (FICA is Social Security and Medicare.) Since this is the first month of the new year, no one will reach the Social Security limit. FICA is remitted monthly for the previous month.
 - FUTA tax rate is 0.8% of gross wages with no limit. SUTA tax rate is 1.45% of gross wages with no limit. FUTA and SUTA are paid yearly in January (for the previous year).
 - There are no other miscellaneous deductions, such as union dues.
 - All employer payroll taxes (employer's portion of FICA, FUTA, and SUTA) are recorded on the last day of the month.
 - Employer payroll taxes related to factory workers go to Factory Overhead.
 - Employer payroll taxes related to all non-factory workers go to Payroll Tax Expense.
8. ICS has two material accounts:
- Direct Materials
 - Indirect Materials and Factory Supplies
9. Factory Overhead is applied to each job at 25% of direct labor costs for that job.
10. Debits to Factory Overhead represent actual overhead, and credits represent applied overhead. The difference between actual and applied factory overhead is insignificant and should be closed out to Cost of Goods Sold as an adjusting entry at the end of each month.
11. Markups to determine the selling price of a job for ICS are 150% of

estimated job costs. All sales are exempt from sales tax, as ICS sells locally to resellers.

12. Shipping isn't a consideration for the purposes of this project.
13. ICS uses a perpetual inventory system. When a sale is made, debit Cost of Goods Sold and credit Finished Goods for the cost of the job.
14. All sales are on account with terms of net 30 days. No discounts are given.
15. All cash/checks received are deposited in the Cash account.
16. No separate bank account is kept for payroll.
17. Direct materials, indirect materials, and factory supplies are purchased on account.
18. Terms from all vendors for expenses are net 30 days.
19. Factory Supplies are added to the Indirect Materials and Factory Supplies general ledger account.
20. A periodic inventory system is used for office supplies with all purchases going to inventory.
21. All payments—referred to as cash or check—are made by check from the Cash Account. (For purposes of this project, no check register or checks will be given. No reconciliation of the cash account will be required. Assume that all checks are written.)

Project Instructions

1. Set up the General Ledger accounts, Accounts Receivable, and Accounts Payable accounts. Use the following blank forms (make as many copies as necessary). Insert the beginning balances from the Trial Balance and Schedules of Accounts Receivable and Payable. You can also obtain copies of the blank forms by going to the

Narrative of Transactions

January 2—Paid Mass Media \$4,200.00 for prepaid advertising in local newspapers for the next 12 months.

January 2—Paid Pierce Properties \$2,750.00 for January rent. Of this amount, 25% is for office facilities and 75% is for factory facilities.

January 2—Paid Owen’s Insurance \$6,000.00 for prepaid insurance for the first quarter of the year

January 3—Received a check from Horsfield Happy Ice Cream as partial payment on account in the amount of \$5,000.00.

January 3—Paid Rockaway Metal the balance of \$2,873.00 on account.

January 4—Sold two ice cream systems to Day Dreamer’s Ice Cream. The estimated direct labor is \$8,200.00. The estimated direct material is \$3,350.00. The estimated indirect material is \$350.00. Day Dreamer’s is to be billed in the amount of \$20,925.00 on account. A check for \$5,000.00 will be collected as a deposit against that sale. The start date will be January. The date promised will be January 23. Assign the contract to Job 74.

January 5—Mountain Swirl Ice Cream purchased and took delivery of one ice cream machine for \$7,500.00. Record the sale and the cost of the sale. Markup is 150% of cost. Transfer cost from Finished Goods to COGS.

January 6—Purchased indirect material on account from Electrical Systems Corp. in the amount of \$3,643.00. Set up a new Accounts Payable account, and record the purchase.

January 6—Purchased factory supplies on account from Grommet Supplies in the amount of \$847.21. Set up a new Accounts Payable account, and record the purchase.

January 9—Assign the manufacture of one ice cream machine to Job 75. A direct material requisition shows \$1,450.00 of direct materials, and an indirect materials requisition shows \$170.00 of indirect materials. A time card shows \$3,650.00 of direct labor for the completed job. Factory overhead is based on 25% of direct labor cost. Transfer the completed job from Direct Material and Indirect Material to the Finished Goods account. When making the journal entry for applying direct labor, debit Finished Goods for the gross pay and credit FWT Payable and FICA Tax Payable for the appropriate amounts with the net pay going to Salaries Payable.

January 10—Receive a check from Horsfield Happy Ice Cream as partial payment on account in the amount of \$5,000.00.

January 10—Receive a phone bill in the amount of \$1,402.22 from Unique Telephone Systems on account.

January 15—Paid Liberty Bank \$2,435.79 for December payroll taxes payable for the amounts of FWT Payable, \$1,613.11; FICA Tax Payable, \$822.68.

January 15—Assign Job 76 to Cold Refrigeration for the purchase of a refrigeration system. The start date will be January 16. The completion date will be no later than February 28. The estimated direct material is \$9,175.00. The estimated indirect material is \$1,860.00. The estimated direct labor is \$15,600.00. The contract amount is \$45,800.00. A deposit of \$10,000.00 was provided by Cold Refrigeration in signing the contract. The deposit is unearned revenue. Half of the contract will be billed upon 50% completion with the deposit applied against that billing with the remaining amount due immediately. A quarter of the contract will be billed upon 75% completion of the contract with the amount due immediately. The remaining amount of the contract is to be billed when the job is 100% complete and is payable within 30 days of the billing.

January 16—Purchased \$4,441.00 of factory supplies from Johnston Equipment paid in cash.

January 16—Purchased \$2,965.00 of direct materials from Smith Synthetics on account.

January 16—Purchased \$427.50 of office supplies from OfficeMax on account.

January 19—Apply from direct materials requisition \$2,800.00 of direct materials. Apply from indirect materials requisition \$325.00 of indirect materials. Apply from time cards \$7,950.00 of direct labor to Job 74 completing the job. Applied factory overhead is based on 25% of direct labor cost. Transfer the completed job to the COGS account from Direct Material and Indirect Material and Factory Overhead accounts. When making the journal entry for applying direct labor, debit COGS for the gross pay and credit FWT Payable and FICA Tax Payable for the appropriate amounts with the net pay going to Salaries Payable.

January 20. —Paid the electric bill from Susquehanna Electric in the amount of \$2,356.21 for the month of December. Allocate 30% to Factory Overhead.

January 20—Paid the FUTA Tax Payable for the previous year.

January 20—Paid the SUTA Tax Payable for the previous year.

January 23—Ashman Alcove Designs paid the balance on account.

January 27—Paid O-Ring Enterprises the balance owed on account.

January 27—Paid post office \$300.00 cash for postage added to postage meter.

January 28—Apply from direct materials requisition \$4,600.00 of direct materials. Apply from indirect materials requisition \$950.00 of indirect materials. Apply \$8,000.00 (from time cards) of direct labor and factory overhead to Job 76, completing 50% of the job. Factory overhead is based on 25% of direct labor cost. Transfer the partially completed job from Direct Material and Indirect Material to WIP. When making the journal entry for applying direct labor, debit WIP for the gross pay and credit FWT Payable and FICA Tax Payable for the appropriate amounts with the net pay going to Salaries Payable. Set up the accounts receivable and bill Cold Refrigeration for 50% of the contract on account, applying the initial \$10,000.00 deposit against the billing.

January 29—Received a check from Cold Refrigeration in the amount of \$12,900.00 on account.

January 31—Received the following data for the monthly payroll:

Direct labor (already recorded)	\$19,600.00
Sales commission	5,132.50
Officers' salaries	5,000.00
Office salaries	1,920.00

Record the monthly payroll. Direct labor payroll has already been recorded, as it was incurred in January. Debit other salary expense accounts for the appropriate amounts; credit FWT Payable for 15% of gross pay; credit FICA Tax Payable for 7.65% of gross pay; and credit Salaries Payable for the net pay. Record the payroll taxes imposed on the employer for all personnel for the month of January. (Prepare the "Schedule of Employer Payroll Taxes Allocation" using the appropriate tax rates.)

January 31—Received a check from Messina Missions for the balance on account.

January 31—Received a check from Horsfield Happy Ice Cream for the remaining balance on account.

January 31—Paid all employee wages earned in January.

3. Post the general journal entries to the General Ledger, the Accounts Receivable Ledger, and the Accounts Payable Ledger. Use the Post Ref. column to ensure that each line item of the journal entries is posted correctly to each general ledger account. Posting from the journal to the ledger is nothing more than rearranging the information;

however, focus and concentrate because it's easy to make a mistake.

4. Calculate the balances in the general ledger accounts. Use an Excel spreadsheet or a printing calculator to run the numbers several times. Don't use a hand-held calculator, as it's far too easy to make a mistake using it.
5. Prepare the Schedules of Accounts Receivable and Accounts Payable.
6. Prepare an Unadjusted Trial Balance using the balances from the general ledger accounts.

	ACCOUNTS	DEBIT	CREDIT

7. Journalize the following adjusted entries in the general journal.

Adjusting Entries
January 31—Expense Prepaid Advertising for the month of January.

January 31—Expense Prepaid Insurance for the month of January.

January 31—Office supplies physical inventory as of January 31 is \$276.21.

January 31—Depreciation for the month of January for Factory Equipment is \$2,987.12.
Depreciation for Office Equipment is \$266.99.

January 31—Close out Factory Overhead of \$190.24 to Cost of Goods Sold.

8. Post the adjusting journal entries to their respective ledger accounts and calculate new balances for those accounts.
9. Prepare an Adjusted Trial Balance using the balances from the general ledger accounts. Use the blank form provided in step six.
10. Prepare an Income Statement following the formats shown in the Example Company Statements using the following blank form as a worksheet or by visiting the [Financial Accounting](http://pflibrary.pennfoster.edu/c.php?g=904823&p=6513373) (pflibrary.pennfoster.edu/c.php?g=904823&p=6513373) section of the Penn Foster Library and downloading the forms:

--	--	--

11. Journalize and post the closing journal entries in the general journal.
Jan. 31— Prepare closing entries to close revenue and expense accounts to Income Summary and transfer the net income to Retained Earnings.
12. Post the closing journal entries to the respective ledger accounts and calculate new balances for those accounts.
13. Prepare a Post-Closing Trial Balance using the balances from the general ledger accounts. Use the blank form that was provided in step six.
14. From the Post-Closing Trial Balance, create the Balance Sheet following the formats shown in the Example Company Statements using the following blank form as a worksheet or by visiting the [Financial Accounting](http://pflibrary.pennfoster.edu/c.php?g=904823&p=6513373) (pflibrary.pennfoster.edu/c.php?g=904823&p=6513373) section of the Penn Foster Library and downloading the form:

After creating the balance sheet, income statement, and the post-closing trial balance on the blank forms provided, the financial statements must now be typed up in one Word document and saved as a .doc or .docx file. Excel can also be used, saving the file with the extension .xls or .xlsx. The financial statements can also be saved using the Rich Text Format (.rtf) file extension. Each statement should be on its own page (or worksheet). The name of the file should include your student ID number and the graded project exam number, such as “12345678_061301.docx”.

Use tables in the Word document if you feel you need them to format the financial statements. Alternatively, you can space and tab in Word to format the statements correctly. Formatting is important; keep in mind that points will be deducted for incorrect capitalization, spelling, underlining, and double underlining. Deductions will also be made for improper headings, dates, indentations, and columns. Follow the examples provided in the Instructions section of the project.

Create all financial statements in **one file**. Submission of more than one file will result in the project being returned ungraded! Submission of only one file is important for tracking and grading purposes.

Images or scans of the financial statements inserted into a Word document will also result in the project being returned ungraded. This prevents the ability to “mark up” the file, and financial statements that are handwritten are generally considered unprofessional and unacceptable in

the business world.

Only the financial statements are required. Submitted journals, ledgers, or an unadjusted trial balance and adjusted trial balance will not be evaluated.

Grading Criteria

The grading criteria for the project are as follows:

The *formatting* of the three financial statements is worth 12 points each, for a total of 36 points ($3 \times 12 = 36$).

An out-of-balance accounting equation on the balance sheet will result in a loss of 13 points for the formatting of the balance sheet even though other formatting issues may be correct.

Debits not equaling credits on the post-closing trial balance will result in a loss of 13 points for the post-closing trial balance even though other formatting issues may be correct.

Also, not having made closing journal entries as reflected on the post-closing trial balance will result in a loss of 13 points for formatting of the post-closing trial balance even though other formatting issues may be correct.

Deductions for figures on the financial statements are based on the 42 balances from the general ledger accounts. Each balance is worth 1.5 points ($1.5 \times 42 = 63$). The total deduction will be rounded up to the next whole number.

Thus, the formatting of the financial statements (worth 30 points) plus the figures used for the financial statements (worth 70 points in total) provide 100 points for the project.

Formatting	36 points
Figures	63 points
Adjustment (rounding)	1 point
Total Points	100 points

If a project receives a failing grade (less than 70 points), the project will have to be reworked and resubmitted for final grading. The highest grade that can be obtained on a retake is 70, which is passing. If the project receives a passing grade on its initial submission, no resubmission is allowed.

Plagiarism

Plagiarism is taking any part of a published piece of work and using it as your own.

Plagiarism is unacceptable at Penn Foster College. This is a reminder of the expectation to which all Penn Foster College students are held. Per your Student Handbook, students are expected to conduct themselves with the highest academic and ethical standards. Failure to do so results in disciplinary action.

Good luck with the project!

Preparing for the Proctored Exam

READING ASSIGNMENT

Read these tips on preparing for a proctored exam. Then, return to your student portal and complete your proctored exam.

To prepare for a proctored exam means reviewing the assigned material. This doesn't mean you need to study everything again. Some of the material you already know or remember and some will have been forgotten.

Therefore, open the textbook and start at the beginning. Scan each page and/or section and ask yourself: "Do I know this or don't I?" If you know the material, then skip it. If you don't know the material or aren't sure about it, take the time to reread and restudy that section of the material and rework the assigned homework exercises and problems associated with that section.

One way to prepare for the proctored exam is to make notes. Just because you've written notes once, doesn't mean you know the material. Rewrite your notes. Don't try to cram them all on one page. Each time you rewrite your notes, ask yourself the fundamental question: "Do I know this or don't I?" If you do, skip it. The idea here is to keep rewriting your notes until you can get them down to a few pages.

When taking a proctored exam, you should know the material. You don't have time to look up the answer or try to figure out how to work a problem using the example in the textbook. Getting your notes down to a page or two tells you that you know almost all of what you need to know. What you don't know, if it comes up on the exam, you can quickly look at your notes

to refresh your memory.

Scanning and rewriting notes seems like a lot of work. It all depends on how much you know from previously studying the material. However, doing this will give you a good chance to earn a strong grade on a proctored exam.

What to Do When Taking the Proctored Exam

The proctored exam is timed. You don't have time to look up answers or try to figure out how to come up with the answer. The proctored exam tests you on what you know and don't know. Therefore, taking the exam requires test-taking skills since you should already know the subject material. It's a matter of getting what you know down on paper.

Proctored exams are very different than lesson exams. Proctored exams consist of essay type questions, short answer type questions, and exercise and problem solving questions. They're not multiple choice, true or false, or fill in the blank type questions (with only a few exceptions).

The structure of the proctored exams may differ depending on the subject. Generally, a proctored exam consists of more heavily weighted questions or longer multistep problem questions. As an example, there may be two or three questions that are each worth a larger number of points. Then, the remainder of the exam will be short answer and less lengthy problems to work, which will have lower point values.

Time management during the exam is very important. Many students start the exam by looking at the first question, reading it, and then immediately

start answering it. But too much time may be spent working on some of the problems, and as a result, you don't get a chance to answer all the exam questions.

A better way to take the exam is to open the exam and scan all the exam questions before answering questions. For example, if the exam Part A has three 20-point questions and Part B has ten 4-point questions, you have a better idea how to budget your time. Read the instructions. In some cases, you might be told to answer two out of the three 20-point questions. Some students answer all three questions instead of the two required, wasting valuable time. Be sure to read the instructions thoroughly.

Budget your time. You have 60 minutes to complete the exam. For example:

- Reviewing the instructions and the exam questions may take, say, 4 minutes
 - As you read each question, ask yourself: "Do I know this or don't I?" If you do, write the answer down. Answer the questions you know the answer to first. If you don't know the answer or are unsure, skip over the question and come back to them after answering questions you do know.
- With three 20-point questions, you might decide to spend 12 minutes on each question for a total of 36 minutes.
- Having spent 4 minutes scanning and budgeting 36 minutes for the more heavily weighted questions adds up to 40 minutes. 20 minutes remain to complete the short answer questions.

- Each exam is different. You have to decide how to manage your time.

You may complete some of the questions in less time than you've allotted. This may give you extra unused time towards the end of the hour to go back and work on questions you're having difficulty answering. This is the time to look at your notes or go back into the textbook to jog your memory. If you finish faster than you planned, use your spare time wisely. Think about where you can use that time to capture the most amount of points. If you have no clue about a particular question, but have some idea about another question, your time might be better spent answering the question where you know you may get it right as opposed to answering two questions half-heartedly and not getting any points at all.

Showing your work on a math problem may help improve your score. Math exams require you to show your work and partial credit is given where it makes sense. A student who does the process correctly but made a small error would come up with an incorrect answer. Instead of deducting all the points, the deduction may be less depending on the mistake. For example, if there are four steps in solving a problem and the student stops at step three, forgetting to do the last step, partial credit may be given. If a student only provides an answer without showing the work and the answer is incorrect, then the full points for the question will be deducted.

Taking a Proctored Exam Using the Online Option

Things to consider before deciding whether to take the proctored exam remotely (online) or on paper:

Typing skills. You should have good typing skills if you want to do the remote proctor. If you're not confident in your ability to think and type quickly at the same time, you might be better off completing the paper version of the exam. Typing to show your work is a little more challenging if you're not used to entering math problems. Some find it better to do the work on paper first and then type the work in. This takes much more time as you're doing the work twice.

Running out of time. Students may run out of time before finishing the exam for several reasons.

- As discussed previously, having weak typing skills (speed) is one reason students may not finish.
- Starting to answer the first question without having scanned the exam first may lead to spending more time on individual questions than you should and you may run out of time before completing the exam.
- Math exams generally are open book, so you can refer to your textbook, reading material, or notes. However, some students spend too much time looking up examples or formulas and not enough time answering the questions on the exam because they're unprepared. Be sure you have a good understanding of the material so you don't have to refer to the books very often.
- Many students need to work out the problem on a scratch paper first. They'll then type the solution showing their work on the exam. This may take more time, and is another reason why students don't complete all the questions on the proctored exam.

Which is Best for You? Online Proctored Exam versus Taking the Proctored Exam on Paper

Students generally choose the remote option because they don't want to find a local proctor which is required when taking the paper proctored exam. Remote proctoring may be more convenient; however, not all proctored exams can be taken remotely. Finding a proctor may be necessary at some point depending on the program in which you're enrolled.

Everyone has taken exams sometime in their life on paper with someone watching them in a classroom. Not everyone taken a proctored exam using a computer. If you have confidence in your abilities to take a written exam online, by all means do so. You may have the knowledge to score well taking an exam on paper, but may not feel comfortable typing when taking a Math exam. You may be better off doing a paper proctored exam. The proctored exam is worth 1/3 of the grade for your course, so select the method that will allow you to do the best you can on the exam.

Frequently Asked Questions

Question: Can I use my books, reading materials, or notes on the Proctored Exam?

Answer: You're permitted to bring your notes, reading materials, and textbooks to use during this exam. All exams are open-book unless otherwise specified. You may also use a calculator during your exams.

Question: I'm an E-book Student/my learning material is all digital.

Can I use a computer to access my books and lessons during the exam?

Answer: If you're in an e-book program or are in a course for which your courses are only provided digitally, you're permitted to use a computer during the exam. However, you may only use a computer to access your e-books and reading material. You're only permitted to use the computer for exams covering courses that have digital-only materials.

It's your proctor's responsibility to monitor your use of a computer during the exam, so advise them of such when informing them of their duties as a proctor. Any unauthorized use of a computer during the proctored exam will result in the invalidation of all of your exams. If suspected, you'll receive a grade of 1 on each of your exams and be forced to retake each of them. The highest grade you can receive on these retake exams is 70.

Question: What types of questions are included in the proctored examination?

Answer: Most of the questions are subjective, including both essay questions and numerical problems. The examination may also contain objective questions, such as multiple-choice and matching items. Students aren't allowed to use computer software, such as Excel, for calculations.