

Name: _____

Vet-to Pet Case Study

Overview:

Dr. Paula Loniak of Athens, Georgia, has worked with animals for more than 25 years. She has been a racehorse groom, a boarding kennel manager, a veterinary technician, and a veterinarian.

Dr. Loniak started a sole proprietorship called Vet-to-Pet, a house call practice for dogs and cats. Dr. Loniak visits pets in their homes to provide basic veterinary services. She treats illnesses such as skin problems, allergies, ear and eye irritations, minor wounds, and abscesses. Vaccinations and lab screening tests are also administered. Dr. Loniak considers her services to be a supplement to the care given by other veterinarians, and is intended for those who have a hard time getting their pets to a clinic.

Dr. Loniak works independently and uses a van to make her house calls. She charges an initial fee, which covers her expenses traveling to the patient's home. This fee varies depending on the distance Dr. Loniak must travel. She also charges for the exam and any treatment, lab work, or medication required. She offers a sliding scale (lower, variable fees) for senior citizens on fixed incomes. She serves individuals with mobility limitations and works with seeing-eye and assistant/working dogs.

Accounting Applications:

Instructions: Now that you have reviewed the case study above, answer the following questions on your own.

1. What are some investments Dr. Loniak has probably made in her business and how would each affect the basic accounting equation?

2. What assets might this business have? Liabilities?

3. Identify and classify the accounts affected if Dr. Loniak receives a cash payment for a visit.

4. Identify and classify the accounts affected if Dr. Loniak wrote a check to pay for new veterinary equipment to be used on the van.

5. What are the benefits of this form of organization?

6. What basic accounting principle would be violated if Dr. Loniak used the cash received from a house call to buy herself lunch?

Summary Questions:

1. What is the basic accounting equation?

2. Are items like gasoline and rent considered revenues or expenses?

3. How are property and property rights reflected in the basic accounting equation?

4. Which form of business organization is the easiest to start? Why?

5. Is Dr. Loniak operating a service, merchandising, or manufacturing business?
