

Sam's Singles Service, Inc. - Practice Set

Samantha has a knack for setting up friends and helping them with relationships. Last month she opened Sam's Singles Service to provide dating consultations and to host events where like-minded singles could meet. You've taken over as Sam's new bookkeeper and are presented with the following chart of accounts and post-closing trial balance for January 31, 201X.

Chart of Accounts

Number	Account
110	Cash
115	Accounts receivable
116	Allowance for Doubtful Accounts
120	Prepaid Insurance
123	Prepaid Advertising
125	Office Supplies
127	Merchandise Inventory
140	Surveillance Equipment
145	Accumulated Depreciation-Surveillance
210	Accounts Payable
215	Unearned Revenue
220	Sales Tax Payable
240	Federal Income Tax Payable
241	State Tax Payable
242	FICA Payable
243	Federal Unemployment Tax Payable
244	State Unemployment Tax Payable
245	Wages & Salaries Payable
247	Interest Payable
250	Note Payable
310	Common Stock
315	Retained Earnings
320	Income Summary
325	Dividends
410	Event Revenue
411	Consulting Revenue
413	Book Sales
414	Sales Returns & Allowances
415	Interest Revenue
510	Advertising Expense
511	Bad Debt Expense
512	Catering Expense
513	Cost of Goods Sold
520	Depreciation Expense-Surveillance
525	Insurance Expense
530	Interest Expense
535	Legal Expense
540	Miscellaneous Expense
545	Office Supplies Expense
547	Payroll Tax Expense
550	Postage Expense
555	Printing Expense
560	Rent Expense
565	Service Charge Expense
575	Telephone Expense
585	Utilities Expense
590	Wage & Salary Expense

Sam's Singles Service, Inc. Post-Closing Trial Balance 1/31/201X

Account Name	Dr.	Cr.
Cash	25,000.00	
Accounts Receivable	8,500.00	
Office Supplies	50.00	
Accounts Payable		2,000.00
Common Stock		25,100.00
Retained Earnings		6,450.00
Totals	33,550.00	33,550.00

A/R - Subsidiary Ledger

Dudley, Jim	3,500.00
Gooseman, Paul	2,000.00
Pardon, Peggy	2,000.00
Talkmuch, Tammy	<u>1,000.00</u>
Total	\$ 8,500.00

A/P - Subsidiary Ledger

Sun Company	350.00
Moon Company	500.00
Stars Company	<u>1,150.00</u>
Total	\$ 2,000.00

Instructions

1. Enter February transactions in the general journal.
2. Post the transactions to the general ledger.
3. Prepare a trial balance.
4. Journalize and post adjusting entries.
5. Prepare an adjusted trial balance.
6. Prepare an A/P & A/R schedule to verify ending account balances. (The A/R schedule lists customers' names and balances at the end of February. The total of the A/R schedule should equal the A/R balance on the trial balance. Similarly, the A/P schedule lists creditors and the amount owed to each at the end of February. The total of the A/P schedule should equal the balance of A/P on the trial balance.)
7. Prepare the financial statements.
8. Prepare the closing entries and post to the general ledger.

Transactions

- 2/1/1X Issued check #100 for \$197 to MailHouse for postage and handling on a mass marketing letter Sam sent out that afternoon.
- 2/2/1X Signed a 1 year lease for office space and paid February's rent of \$900 by issuing check #101 to Kwant Co.
- 2/2/1X Issued check # 102 to Spy Co. for \$8,900 to purchase electronic surveillance equipment to observe clients' dates and better understand their dating problems.
- 2/3/1X Performed a dating consultation for Dinah Toluvia and billed Dinah \$6,000.
- 2/3/1X Purchased 6 month's liability insurance issuing check #103 to Travelers Insurance for \$1,200.
- 2/4/1X Sam's Singles Service received \$25,000 and issued shares of common stock to Amanda Friend.
- 2/5/1X Received \$3,500 total for services performed the previous month. (\$500 from Jim Dudley, \$2,000 from Paul Gooseman, and \$1,000 from Tammy Talkmuch.)
- 2/7/1X Hosted Ivy League Speed Dating Night where Ivy League graduates paid \$60 each to go on a number of 5 minute "dates." 50 people attended the event and cash was collected from all but five of the participants, who agreed to mail in a check later that week. (The names of the five unpaid participants were: John Good, Brandon Broke, Wendy Jones, Ima Welch, and Skip Townsend.)
- 2/8/1X Received an invoice for \$500 from SF News & Review for an advertisement that ran in last week's newspapers (invoice # 52A7J).
- 2/8/1X Samantha was approached by Cy Burnette, a successful young internet entrepreneur that can't seem to get a second date. Samantha agreed to observe one of Cy's dates and explain what he's doing wrong.
- 2/9/1X Paid outstanding invoices to Sun Company \$350; Moon Company \$500; and Stars Company \$1,150 issuing checks #104-106. (The expenses for these invoices were accrued last month.)

- 2/10/1X Received \$120 (\$60 from John Good and \$60 from Wendy Jones) for the Ivy League Speed Dating night held 2/7.
- 2/11/1X Purchased \$800 of office supplies on account from Office Depot (invoice #62309).
- 2/14/1X Sam's received invoice #97389 for \$800 from Dewey, Cheatem & Howe Law Offices for legal advice provided Sam's Singles.
- 2/15/1X Sam's hosted Goth Date Night where participants paid \$60 to attend a dinner party and meet other Gothic singles. 40 people attended and all paid at the door. (Sam's changed its credit policy to require cash at the door of special events.)
- 2/16/1X Sam's issued check # 107 for \$1,630 to Sam & Ella's Catering Co. to pay for refreshments at the Ivy League Speed Dating Night and dinner at Gothic Night.
- 2/17/1X Sam's received a \$15,000 advance from Percy Pratt for dating consultation services to be provided in February and March.
- 2/18/1X Samantha observed one of Cy Burnette's dates and met with him to discuss her observations. Cy wrote Sam's a check for \$6,000 for the services.
- 2/23/1X Samantha performed a dating consultation for Phil O. Pfangst and billed him \$4,000.
- 2/24/1X Sam's issued check #108 to pay Office Depot \$800 (invoice #62309 from 2/11) and check #109 to pay Dewey, Cheatem & Howe Law Offices \$800 (Invoice #97389 from 2/14).
- 2/25/1X Sam's issued dividends totaling \$1,000 with checks #110-112.
- 2/27/1X Received invoice #8783AC15 for \$95 from AT&T for February's cell phone service.
- 2/28/1X Received invoice #25351 from PG&E for February's power of \$102.00.

Information for February's Adjusting Entries:

- Surveillance equipment purchased 2/2 has a 4-year life and a \$500 expected salvage value. Sam's uses the straight line method of depreciation.
- On 2/28/1X, Sam's has supplies on hand of \$150.
- As bookkeeper you earn \$2,500, and Samantha earns \$4,000 a month. Checks will be issued March 5th for February's work. (For simplicity, assume there are no withholdings.)
- By the end of February, Samantha had performed 30% of her dating consultations for Percy Pratt (Sam's received an advance from Percy on 2/17).
- By the end of February, one month's insurance had expired (see 2/3 transaction).

General Journal

Date	Account	Post Ref	Debit	Credit
1/5/1X	Cash			
	Common Stock	110	25,100.00	
	(Issued 1,500 shares of nonpar stock)	310		25,100.00
1/10/1X	Office Supplies	125	100.00	
	Cash	110		100.00
	(Office Max - Check #99)			
1/10/1X	A/R	115	2,000.00	
	Consulting Revenue	411		2,000.00
	(Peggy Pardon inv# 1007)			
1/11/1X	Advertising Expense	510	350.00	
	A/P	210		350.00
	(Sun Company - Inv. #5235 - January issue)			
1/12/1X	Printing Expense	555	1,150.00	
	A/P	210		1,150.00
	(Stars Company - Inv#925552 - mktg brochure)			
1/13/1X	A/R	115	3,500.00	
	Consulting Revenue	411		3,500.00
	(Bill Mr. Dudley - Inv. #1008)			
1/20/1X	Postage Expense	550	500.00	
	A/P	210		500.00
	(Moon Co - Inv #2235 - mail brochures)			
1/25/1X	A/R	115	2,000.00	
	Consulting Revenue	411		2,000.00
	(Paul Gooseman - Consultation - Inv. #1009)			
1/28/1X	A/R	115	1,000.00	
	Consulting Revenue	411		1,000.00
	(Tammy Talkmuch - Consult - Inv#1010)			
1/31/1X	Office Supplies Expense	545	50.00	
	Office Supplies	125		50.00
	(Adjusting entry - supplies used up)			
	Closing Entries			
1/31/1X	Consulting Revenue		8,500.00	
	Income Summary			8,500.00
	Income Summary		2,050.00	
	Advertising Expense			350.00
	Office Supply Expense			50.00
	Postage Expense			500.00
	Printing Expense			1,150.00
	Income Summary		6,450.00	
	Retained Earnings			6,450.00
	(Update retained earnings & close temporary accounts)			

Account Allowance for Doubtful Accounts

Account No. 116

Date	Explanation	Post Ref	Debit	Credit	Balance	
					Debit	Credit

Account Prepaid Insurance

Account No. 120

Date	Explanation	Post Ref	Debit	Credit	Balance	
					Debit	Credit

Account Prepaid Advertising

Account No. 123

Date	Explanation	Post Ref	Debit	Credit	Balance	
					Debit	Credit

Account Office Supplies

Account No. 125

Date	Explanation	Post Ref	Debit	Credit	Balance	
					Debit	Credit
1/10/1X		GJ1	100.00		100.00	
1/31/1X		GJ1		50.00	50.00	
2/11/1X			800			

Account Merchandise Inventory

Account No. 127

Date	Explanation	Post Ref	Debit	Credit	Balance	
					Debit	Credit

Account Unearned Revenue

Account No. 215

Date	Explanation	Post Ref	Debit	Credit	Balance	
					Debit	Credit
2/3			2500			

Account Wages & Salaries Payable

Account No. 245

Date	Explanation	Post Ref	Debit	Credit	Balance	
					Debit	Credit

Account Interest Payable

Account No. 247

Date	Explanation	Post Ref	Debit	Credit	Balance	
					Debit	Credit

Account Common Stock

Account No. 310

Date	Explanation	Post Ref	Debit	Credit	Balance	
					Debit	Credit
1/5/1X		GJ1		25,100.00		25,100.00
2/4/1X				25000		
2/24/1X			1600			

Account Retained Earnings

Account No. 315

Date	Explanation	Post Ref	Debit	Credit	Balance	
					Debit	Credit
1/31/1X	Closing Entries	GJ1		6,450.00		6,450.00

Account Income Summary

Account No. 320

Date	Explanation	Post Ref	Debit	Credit	Balance	
					Debit	Credit
1/31/1X	Closing	GJ1		8,500.00		8,500.00
1/31/1X	Closing	GJ1	2,050.00			6,450.00
1/31/1X	Closing	GJ1	6,450.00			0.00

Account Dividends

Account No. 325

Date	Explanation	Post Ref	Debit	Credit	Balance	
					Debit	Credit
2/25/1X				1000		

Account Event Revenue

Account No. 410

Date	Explanation	Post Ref	Debit	Credit	Balance	
					Debit	Credit
2/18			6000			

Account Consulting Revenue

Account No. 411

Date	Explanation	Post Ref	Debit	Credit	Balance	
					Debit	Credit
1/10/1X		GJ1		2,000.00		2,000.00
1/13/1X		GJ1		3,500.00		5,500.00
1/25/1X		GJ1		2,000.00		7,500.00
1/28/1X		GJ1		1,000.00		8,500.00
1/31/1X	closing	GJ1	8,500.00			0.00
2/17/1X				1500		
2/22/1X			4000			

Account Interest Revenue

Account No. 415

Date	Explanation	Post Ref	Debit	Credit	Balance	
					Debit	Credit

Account Advertising Expense

Account No. 510

Date	Explanation	Post Ref	Debit	Credit	Balance	
					Debit	Credit
1/11/1X		GJ1	650.00			650.00
1/31/1X	closing	GJ1		650.00		0.00
2/8/1X			500			

Account Catering Expense

Account No. 512

Date	Explanation	Post Ref	Debit	Credit	Balance	
					Debit	Credit
2/6/1X				120		
2/16/1X			1630			

Account Depreciation Expense - Surv. Equip.

Account No. 520

Date	Explanation	Post Ref	Debit	Credit	Balance	
					Debit	Credit

Account Insurance Expense

Account No. 525

Date	Explanation	Post Ref	Debit	Credit	Balance	
					Debit	Credit
2/3/1x			1200			

Account Interest Expense

Account No. 530

Date	Explanation	Post Ref	Debit	Credit	Balance	
					Debit	Credit

Account Legal Expense

Account No. 535

Date	Explanation	Post Ref	Debit	Credit	Balance	
					Debit	Credit
2/14/1x				200		

Account Medical Insurance Expense

Account No. 537

Date	Explanation	Post Ref	Debit	Credit	Balance	
					Debit	Credit

Account Miscellaneous Expense

Account No. 540

Date	Explanation	Post Ref	Debit	Credit	Balance	
					Debit	Credit

Account Office Supplies Expense

Account No. 545

Date	Explanation	Post Ref	Debit	Credit	Balance	
					Debit	Credit
1/31/1X		GJ1	50.00			
1/31/1X	Closing	GJ1		50.00	50.00	
					0.00	

Account Postage Expense

Account No. 550

Date	Explanation	Post Ref	Debit	Credit	Balance	
					Debit	Credit
1/20/1X		GJ1	200.00			
1/31/1X	Closing	GJ1		200.00	200.00	
2/1			197			0.00

Account Printing Expense

Account No. 555

Date	Explanation	Post Ref	Debit	Credit	Balance	
					Debit	Credit
1/11/1X		GJ1	1,150.00			1,150.00
1/31/1X	Closing	GJ1		1,150.00		0.00

Account Rent Expense

Account No. 560

Date	Explanation	Post Ref	Debit	Credit	Balance	
					Debit	Credit
2/2			900			

Account Telephone Expense

Account No. 575

Date	Explanation	Post Ref	Debit	Credit	Balance	
					Debit	Credit
2/27			95			

Account Utilities Expense

Account No. 585

Date	Explanation	Post Ref	Debit	Credit	Balance	
					Debit	Credit
2/28			102			

Account Wage & Salary Expense

Account No. 590

Date	Explanation	Post Ref	Debit	Credit	Balance	
					Debit	Credit

Account _____

Account No. _____

Date	Explanation	Post Ref	Debit	Credit	Balance	
					Debit	Credit