

Brief Exercise 1-2

Match each of the following types of evaluation with one of the listed users of accounting information.

- | | | |
|-----|----------------------|---------------------------|
| (a) | <input type="text"/> | Investors in common stock |
| (b) | <input type="text"/> | Marketing managers |
| (c) | <input type="text"/> | Creditors |
| (d) | <input type="text"/> | Chief Financial Officer |
| (e) | <input type="text"/> | Internal Revenue Service |

Do It! Review 1-1

Identify each of the following organizational characteristics with the organizational form or forms with which it is associated.

- | | |
|-----------------------------------|----------------------|
| (a) Easier to transfer ownership. | <input type="text"/> |
| (b) Easier to raise funds. | <input type="text"/> |
| (c) More owner control. | <input type="text"/> |
| (d) Tax advantages. | <input type="text"/> |
| (e) No personal legal liability. | <input type="text"/> |

Exercise 1-3

The Clear View Golf & Country Club details the following accounts in its financial statements.

(a) Classify each of the following accounts as an asset, liability, stockholders' equity, revenue, or expense item.

(b) Classify each of the following accounts as a financing activity, investing activity, or operating activity.

	(a)	(b)
Accounts payable	<input type="text"/>	<input type="text"/>
Accounts receivable	<input type="text"/>	<input type="text"/>
Equipment	<input type="text"/>	<input type="text"/>
Sales revenue	<input type="text"/>	<input type="text"/>
Service revenue	<input type="text"/>	<input type="text"/>
Inventory	<input type="text"/>	<input type="text"/>
Mortgage payable	<input type="text"/>	<input type="text"/>

	<input type="text"/>	<input type="text"/>
Supplies expense	<input type="text"/>	<input type="text"/>
Rent expense	<input type="text"/>	<input type="text"/>
Salaries and wages expense	<input type="text"/>	<input type="text"/>

Exercise 1-8

The following items and amounts were taken from Motte Inc.'s 2014 income statement and balance sheet.

In each case, identify on the item is an asset, liability, stockholders' equity, revenue, or expense item.

<input type="text"/>	Cash	\$ 86,977
<input type="text"/>	Retained earnings	120,267
<input type="text"/>	Cost of goods sold	435,287
<input type="text"/>	Salaries and wages expense	115,765
<input type="text"/>	Prepaid insurance	8,027
<input type="text"/>	Inventory	64,552
<input type="text"/>	Accounts receivable	90,402
<input type="text"/>	Sales revenue	591,060
<input type="text"/>	Notes payable	6,932
<input type="text"/>	Accounts payable	57,274
<input type="text"/>	Service revenue	5,195
<input type="text"/>	Interest expense	1,743

Prepare an income statement for Motte Inc. for the year ended December 31, 2014.

MOTTE INC.
Income Statement
For the Year Ended December 31, 2014

<input type="text"/>		
<input type="text"/>	\$ <input type="text"/>	
<input type="text"/>	<input type="text"/>	
<input type="text"/>		\$ <input type="text"/>
<input type="text"/>		
<input type="text"/>	<input type="text"/>	

		\$

Exercise 1-14

Edward Waltz is the bookkeeper for Edminson Company. Edward has been trying to get the balance sheet of Edminson Company to balance. It finally balanced, but now he's not sure it is correct.

EDMINSON COMPANY
Balance Sheet
December 31, 2014

Assets		Liabilities and Stockholders' Equity	
Cash	\$12,860	Accounts payable	\$10,860
Supplies	14,640	Accounts receivable	(17,140)
Equipment	34,860	Common stock	45,140
Dividends	<u>13,140</u>	Retained earnings	<u>36,640</u>
Total assets	<u><u>\$75,500</u></u>	Total liabilities and stockholders' equity	<u><u>\$75,500</u></u>

Prepare a correct balance sheet. (*List assets in order of liquidity.*)

EDMINSON COMPANY
Balance Sheet
December 31, 2014
Assets

		\$
		\$
		\$

Liabilities and Stockholders' Equity

<input type="text"/>		\$	
<input type="text"/>		<input type="text"/>	
<input type="text"/>		<input type="text"/>	
<input type="text"/>		<input type="text"/>	
<input type="text"/>		<input type="text"/>	\$
		<input type="text"/>	

Problem 1-3A (Part Level Submission)

On June 1, Hightower Service Co. was started with an initial investment in the company of \$22,430 cash. Here are the assets, liabilities, and common stock of the company at June 30, and the revenues and expenses for the month of June, its first month of operations:

Cash	\$ 5,367	Notes payable	\$13,534
Accounts receivable	4,257	Accounts payable	757
Service revenue	8,267	Supplies expense	1,084
Supplies	2,316	Maintenance and repairs expense	684
Advertising expense	400	Utilities expense	216
Equipment	26,767	Salaries and wages expense	2,167
Common stock	22,430		

In June, the company issued no additional stock but paid dividends of \$1,730.

(a1)

Prepare an income statement for the month of June.

HIGHTOWER SERVICE CO.
Income Statement
For the Month Ended June 30, 2014

<input type="text"/>	
<input type="text"/>	\$ <input type="text"/>
<input type="text"/>	
<input type="text"/>	\$ <input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>

<input type="text"/>	<input type="text"/>
<input type="text"/>	\$ <input type="text"/>

(a2)

Prepare a retained earnings statement for the month of June. **(List items that increase retained earnings first.)**

HIGHTOWER SERVICE CO.
Retained Earnings Statement
For the Month Ended June 30, 2014

<input type="text"/>		\$ <input type="text"/>
<input type="text"/>	:	<input type="text"/>
		<input type="text"/>
<input type="text"/>	:	<input type="text"/>
<input type="text"/>		\$ <input type="text"/>

(a3)

Prepare a balance sheet at June 30, 2014. **(List assets in order of liquidity.)**

HIGHTOWER SERVICE CO.
Balance Sheet
June 30, 2014

Assets

<input type="text"/>		\$ <input type="text"/>
<input type="text"/>		<input type="text"/>
<input type="text"/>		<input type="text"/>
<input type="text"/>		<input type="text"/>
<input type="text"/>		<input type="text"/>
<input type="text"/>		\$ <input type="text"/>

Liabilities and Stockholders' Equity

<input type="text"/>		
<input type="text"/>		\$ <input type="text"/>
<input type="text"/>		<input type="text"/>
<input type="text"/>		<input type="text"/>

		\$
		<input type="text"/>
<input type="text"/>		
<input type="text"/>	<input type="text"/>	
<input type="text"/>	<input type="text"/>	
<input type="text"/>		<input type="text"/>
<input type="text"/>		\$
		<input type="text"/>

Exercise 1-13

Suppose the following data are derived from the 2014 financial statements of **Southwest Airlines**. (All dollars are in millions.) Southwest has a December 31 year-end.

Cash balance, January 1, 2014	\$1,360
Cash paid for repayment of debt	112
Cash received from issuance of common stock	112
Cash received from issuance of long-term debt	482
Cash received from customers	9,715
Cash paid for property and equipment	1,486
Cash paid for dividends	18
Cash paid for repurchase of common stock	1,032
Cash paid for goods and services	7,140

(a)

After analyzing the data, prepare a statement of cash flows for Southwest Airlines for the year ended December 31, 2014. **(List negative amounts either with a negative sign preceding the number e.g. -15,000 or in parenthesis e.g. (15,000). Enter amounts in millions, e.g. 45,000,000 would be entered as 45.)**

SOUTHWEST AIRLINES
Statement of Cash Flows
For the Year Ended December 31, 2014
(in millions)

<input type="text"/>	
<input type="text"/>	\$ <input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	\$ <input type="text"/>
<input type="text"/>	

[illegible]

Brief Exercise 1-3

Indicate in which part of the statement of cash flows each item would appear: operating activities, investing activities, or financing activities.

- | | | |
|-----|----------------------|----------------------------------------------|
| (a) | <input type="text"/> | Cash received from customers. |
| (b) | <input type="text"/> | Cash paid to stockholders (dividends). |
| (c) | <input type="text"/> | Cash received from issuing new common stock. |
| (d) | <input type="text"/> | Cash paid to suppliers. |
| (e) | <input type="text"/> | Cash paid to purchase a new office building. |

Exercise 1-9

Here are incomplete financial statements for Riedy, Inc. Calculate the missing amounts.

REIDY, INC.
Balance Sheet

Assets

Cash	\$ 12,310
Inventory	15,310
Buildings	<u>39,690</u>

Total assets		<u>\$67,310</u>	
Liabilities and Stockholders' Equity			
Liabilities			
Accounts payable		\$ 5,060	
Stockholders' Equity			
Common stock	<input type="text"/>		(a)
Retained earnings	<input type="text"/>		(b)
Total liabilities and stockholders' equity		<u>\$67,310</u>	

RIEDY, INC.
Income Statement

Revenues		\$85,780	
Cost of goods sold	<input type="text"/>		(c)
Salaries and wages expense		<u>10,090</u>	
Net Income	<input type="text"/>		(d)
	\$	<u><u></u></u>	

RIEDY, INC.
Retained Earnings Statement

Beginning retained earnings		\$17,310	
Add: Net income	<input type="text"/>		(e)
Less: Dividends		<u>4,630</u>	
Ending retained earnings		<u>\$32,310</u>	

Exercise 2-1

Classify each of the following financial statement items taken from Mordica Corporation's balance sheet.

<input type="text"/>	Accounts payable
<input type="text"/>	Accounts receivable
<input type="text"/>	Accumulated depreciation—equipment
<input type="text"/>	Buildings
<input type="text"/>	Cash
<input type="text"/>	Interest payable
<input type="text"/>	Goodwill
<input type="text"/>	Income taxes payable
<input type="text"/>	Inventory
<input type="text"/>	Stock investments (to be sold in 7 months)
<input type="text"/>	Land (in use)
<input type="text"/>	Mortgage payable
<input type="text"/>	Supplies
<input type="text"/>	Equipment
<input type="text"/>	Prepaid rent

Problem 2-3A (Part Level Submission)

You are provided with the following information for Ramirez Enterprises, effective as of its April 30, 2014, year-end.

Accounts payable	\$ 923
Accounts receivable	974
Accumulated depreciation—equipment	670
Cash	1,434
Common stock	1,392
Cost of goods sold	1,149
Depreciation expense	246
Dividends	414
Equipment	2,584
Income tax expense	254
Income taxes payable	224
Insurance expense	299
Interest expense	489

Inventory	1,131
Land	3,264
Mortgage payable	3,664
Notes payable	225
Prepaid insurance	149
Retained earnings (beginning)	1,600
Salaries and wages expense	611
Salaries and wages payable	311
Sales revenue	5,264
Stock investments (short-term)	1,275

(a1)

Prepare an income statement for Ramirez Enterprises for the year ended April 30, 2014.

RAMIREZ ENTERPRISES
Income Statement
For the Year Ended April 30, 2014

		\$
	\$ 	
		
		\$

(a2)

Prepare a retained earnings statement for Ramirez Enterprises for the year ended April 30, 2014.
(List items that increase retained earnings first.)

RAMIREZ ENTERPRISES
Retained Earnings Statement
For the Year Ended April 30, 2014

		\$

	:	
		\$

(b)

Prepare a classified balance sheet for Ramirez Enterprises as of April 30, 2014. (*List current assets in order of liquidity.*)

RAMIREZ ENTERPRISES
Balance Sheet
April 30, 2014
Assets

			\$
			\$
			\$
:			
			\$
			\$

Liabilities and Stockholders' Equity

		\$

		\$
		\$

Problem 2-5A

Here and following are financial statements of Ogleby Company.

OGLEBY COMPANY
Income Statement
For the Year Ended December 31, 2014

Net sales	\$2,229,558
Cost of goods sold	1,031,258
Selling and administrative expenses	917,241
Interest expense	97,476
Income tax expense	70,084
Net income	\$ 113,499

OGLEBY COMPANY
Balance Sheet
December 31, 2014

Assets

Current assets	
Cash	\$ 71,158
Debt investments	85,084
Accounts receivable (net)	185,934
Inventory	161,113
Total current assets	503,289

Plant assets (net)	594,158
Total assets	<u>\$ 1,097,447</u>
<u>Liabilities and Stockholders' Equity</u>	
Current liabilities	
Accounts payable	\$ 171,058
Income taxes payable	<u>36,584</u>
Total current liabilities	207,642
Bonds payable	<u>216,134</u>
Total liabilities	<u>423,776</u>
Stockholders' equity	
Common stock	368,858
Retained earnings	<u>304,813</u>
Total stockholders' equity	<u>673,671</u>
Total liabilities and stockholders' equity	<u>\$1,097,447</u>

Additional information: The net cash provided by operating activities for 2014 was \$201,858. The cash used for capital expenditures was \$110,858. The cash used for dividends was \$32,084. The average number of shares outstanding during the year was 50,000.

(a) Compute the following values and ratios for 2014. (We provide the results from 2013 for comparative purposes.) **(Round Current Ratio and Earnings per share to 2 decimal places, e.g. 15.25 and Debt to assets ratio to 1 decimal place, e.g. 78.9%. If answer is negative enter it with a negative sign preceding the number e.g. -15,000 or in parentheses e.g. (15,000).)**

- (i) Working capital. (2013: \$160,500)
- (ii) Current ratio. (2013: 1.65:1)
- (iii) Free cash flow. (2013: \$48,700)
- (iv) Debt to assets ratio. (2013: 31%)
- (v) Earnings per share. (2013: \$3.15)

- (i) Working capital \$
- (ii) Current ratio :1
- (iii) Free cash flow \$
- (iv) Debt to assets ratio %
- (v) Earnings per share \$

Brief Exercise 2-7

Indicate whether each statement is true or false.

- (a) GAAP is a set of rules and practices established by accounting standard-setting bodies to serve as a general guide for financial reporting purposes.
- (b) Substantial authoritative support for GAAP usually comes from two standards-setting bodies: the FASB and the IRS.

Exercise 2-12

Identify the accounting assumption or principle that is described below.

- (a) Is the rationale for why plant assets are not reported at liquidation value. (Note: Do not use the historical cost principle.)
- (b) Indicates that personal and business record-keeping should be separately maintained.
- (c) Assumes that the dollar is the "measuring stick" used to report on financial performance.
- (d) Separates financial information into time periods for reporting purposes.
- (e) Measurement basis used when a reliable estimate of fair value is not available.
- (f) Dictates that companies should disclose all circumstances and events that make a difference to financial statement users.

Problem 3-2A (Part Level Submission)

Nina Finzelberg started her own consulting firm, Finzelberg Consulting Inc., on May 1, 2014. The following transactions occurred during the month of May.

- May 1 Stockholders Invested \$21,894 cash in the business in exchange for common stock.
 2 Paid \$876 for office rent for the month.
 3 Purchased \$730 of supplies on account.
 5 Paid \$219 to advertise in the *County News*.
 9 Received \$2,043 cash for services performed.
 12 Paid \$292 cash dividend.
 15 Performed \$6,130 of services on account.
 17 Paid \$3,649 for employee salaries.
 20 Paid for the supplies purchased on account on May 3.
 23 Received a cash payment of \$1,752 for services performed on account on May 15.
 26 Borrowed \$7,298 from the bank on a note payable.
 29 Purchased office equipment for \$2,919 paying \$292 in cash and the balance on account.
 30 Paid \$263 for utilities.

(a)

Show the effects of the above transactions on the accounting equation using the following format. Assume the note payable is to be repaid within the year. (If a transaction changes an amount, enter the amount in parentheses in front of the amount entered for the particular Asset, Liability or Equity item that was reduced. See Illustration 3-3 for example.)

Date	Assets				FINZELBERG CONSULTING INC. Liabilities	
	Cash	+ Accounts Receivable	+ Supplies	+ Equipment	= Notes Payable	+ Accounts Payable
May 1	\$	\$	\$	\$	\$	\$
May 2						
May 3						
May 5						
May 9						
May 12						
May 15						
May 17						
May 20						
May 23						
May 26						
May 29						
May 30						
	\$	\$	\$	\$	= \$	\$

(b)

Prepare an Income statement for the month of May 2014.

FINZELBERG CONSULTING INC.
Income Statement
For the Month Ended May 31, 2014

	\$
	\$

(c)

Prepare a classified balance sheet at May 31, 2014. (*List current assets in order of liquidity*)

FINZELBERG CONSULTING INC.
Balance Sheet
May 31, 2014
Assets

[illegible]**Problem 3-6A (Part Level Submission)**

This is the trial balance of Solis Company on September 30.

SOLIS COMPANY
Trial Balance
September 30, 2014

	Debit	Credit
Cash	\$ 24,010	
Accounts Receivable	7,410	
Supplies	4,340	
Equipment	10,240	
Accounts Payable		\$ 9,610
Unearned Service Revenue		3,340
Common Stock		19,810
Retained Earnings		13,240
	<u>\$46,000</u>	<u>\$46,000</u>

The October transactions were as follows.

- Oct. 5 Received \$1,500 in cash from customers for accounts receivable due.
10 Billed customers for services performed \$5,720.
15 Paid employee salaries \$1,000.
17 Performed \$550 of services in exchange for cash.
20 Paid \$1,930 to creditors for accounts payable due.
29 Paid a \$330 cash dividend.
31 Paid utilities \$310.

(a)

Prepare a general ledger using T-accounts. Enter the opening balances in the ledger accounts as of October 1.

Cash			
Accounts Receivable			

Supplies			
Equipment			
Accounts Payable			
Unearned Service Revenue			
Common Stock			
Retained Earnings			

(b)

Journalize the transactions. (*Credit account titles are automatically indented when amount is entered. Do not indent manually. Record journal entries in the order presented in the problem.*)

Date	Account Titles and Explanation	Debit	Credit

(c)

Post to the ledger accounts. (*Post entries in the order of information presented in the question.*)

Cash			
10/1	Bal.	24,010	
Accounts Receivable			
10/1	Bal.	7,410	
Supplies			
10/1	Bal.	4,340	
Equipment			
10/1	Bal.	10,240	
Accounts Payable			
		10/1	Bal. 9,610

Unearned Service Revenue			
		10/1	Bal. 3,340
Common Stock			
		10/1	Bal. 19,810
Retained Earnings			
		10/1	13,240
Dividends			
Service Revenue			
Salaries and Wages Expense			
Utilities Expense			

(d)

Prepare a trial balance on October 31, 2014.

[illegible]

Problem 3-4A

Friendley's Miniature Golf and Driving Range Inc. was opened on March 1 by Dean Barley. These selected events and transactions occurred during March.

- Mar. 1 Stockholders invested \$50,800 cash in the business in exchange for common stock of the corporation.
3 Purchased Arnie's Golf Land for \$38,100 cash. The price consists of land \$23,900, building \$8,170, and equipment \$6,030. (Record this in a single entry.)
5 Advertised the opening of the driving range and miniature golf course, paying advertising expenses of \$1,910 cash.
6 Paid cash \$2,360 for a 1-year Insurance policy.
10 Purchased golf clubs and other equipment for \$5,230 from Golden Bear Company, payable in 30 days.
18 Received golf fees of \$2,150 in cash from customers for golf services performed.
19 Sold 140 coupon books for \$10 each in cash. Each book contains ten coupons that enable the holder to play one round of miniature golf or to hit one bucket of golf balls. (Hint: The revenue should not be recognized until the customers use the coupons.)
25 Paid a \$550 cash dividend.

- Journalize the March transactions. Friendly's records golf fees as service revenue. (Credit account titles are automatically indented when amount is entered. Do not indent manually. Record journal entries in the order presented in the problem.)

[illegible]

Exercise 4-11

The unadjusted trial balance for Sierra Corp. is shown below.

SIERRA CORPORATION
Trial Balance
October 31, 2014

	Debit	Credit
Cash	\$15,190	
Supplies	2,840	
Prepaid Insurance	726	
Equipment	4,980	
Notes Payable		\$ 4,980
Accounts Payable		2,550
Unearned Service Revenue		2,040
Common Stock		10,300
Retained Earnings		0
Dividends	550	
Service Revenue		13,100
Salaries and Wages Expense	4,000	
Rent Expense	4,684	
	\$32,970	\$32,970

Instead of the adjusting entries shown in the text at October 31, assume the following adjustment data.

1. Supplies on hand at October 31 total \$700.
2. Expired insurance for the month is \$121.
3. Depreciation for the month is \$77.
4. As of October 31, services worth \$955 related to the previously recorded unearned revenue had been performed.
5. Services performed but unbilled (and no receivable has been recorded) at October 31 are \$235.
6. Interest expense accrued at October 31 is \$88.
7. Accrued salaries at October 31 are \$1,530.

Prepare the adjusting entries for the items above. (***Credit account titles are automatically indented when the amount is entered. Do not indent manually.***)

No.	Account Titles and Explanation	Debit	Credit
1.	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>
2.	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>
3.	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>

4.	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>
5.	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>
6.	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>
7.	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>

Exercise 4-14

This is a partial adjusted trial balance of Barone Company.

BARONE COMPANY
Adjusted Trial Balance
January 31, 2014

	Debit	Credit
Supplies	\$ 802	
Prepaid Insurance	1,608	
Salaries and Wages Payable		\$1,077
Unearned Service Revenue		805
Supplies Expense	851	
Insurance Expense	536	
Salaries and Wages Expense	1,898	
Service Revenue		4,036

Prepare the closing entries at January 31, 2014. ***(Credit account titles are automatically indented when the amount is entered. Do not indent manually.)***

Account Titles and Explanation	Debit	Credit
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
(To close revenue account)		
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
(To close expense accounts)		

(To close net income / (loss))

Problem 4-3A (Part Level Submission)

The Solo Hotel opened for business on May 1, 2014. Here is its trial balance before adjustment on May 31.

SOLO HOTEL
Trial Balance
May 31, 2014

	<u>Debit</u>	<u>Credit</u>
Cash	\$ 2,548	
Supplies	2,600	
Prepaid Insurance	1,800	
Land	15,048	
Buildings	72,400	
Equipment	16,800	
Accounts Payable		\$ 4,748
Unearned Rent Revenue		3,300
Mortgage Payable		38,400
Common Stock		60,048
Rent Revenue		9,000
Salaries and Wages Expense	3,000	
Utilities Expense	800	
Advertising Expense	500	
	<u>\$115,496</u>	<u>\$115,496</u>

Other data:

- Insurance expires at the rate of \$300 per month.
- A count of supplies shows \$1,168 of unused supplies on May 31.
- (a) Annual depreciation is \$3,600 on the building.
(b) Annual depreciation is \$3,480 on equipment.
- The mortgage interest rate is 5%. (The mortgage was taken out on May 1.)
- Unearned rent of \$2,563 has been earned.
- Salaries of \$759 are accrued and unpaid at May 31.

(a)

Journalize the adjusting entries on May 31. **(Credit account titles are automatically indented when the amount is entered. Do not indent manually.)**

No.	Account Titles and Explanation	Debit	Credit
1.			

2.			
3 (a).			
3 (b).			
4.			
5.			
6.			

(b)

Prepare a ledger using T-accounts. Enter the trial balance amounts and post the adjusting entries. **(Post entries in the order of journal entries presented in the previous question.)**

Cash			
Prepaid Insurance			
Supplies			
Land			
Building			
Accumulated Depreciation-Building			

Equipment			

Accumulated Depreciation-Equipment			

Accounts Payable			

Unearned Rent Revenue			

Salaries and Wages Payable			

Interest Payable			

Mortgage Payable			

Common Stock			

Rent Revenue			

Salaries and Wages Expense			

Utilities Expense			

Advertising Expense			

Interest Expense			

Insurance Expense			

Supplies Expense			

Depreciation Expense			

(c)

Prepare an adjusted trial balance on May 31.

SOLO HOTEL Adjusted Trial Balance May 31, 2014		
	Debit	Credit
	\$	\$

Prepare an income statement for the month of May.

SOLO HOTEL
Income Statement
For the Month Ended May 31, 2014

[illegible]

(d2)

Prepare a retained earnings statement for the month of May.

SOLO HOTEL
Retained Earnings Statement
For the Month Ended May 31, 2014

		\$
		\$

(d3)

Prepare a classified balance sheet at May 31. (**List current assets in order of liquidity. List Property, Plant and Equipment in order of Land, Buildings and Equipment .**)

SOLO HOTEL
Balance Sheet
May 31, 2014

Assets

			\$	
				\$
		\$		
:				
:				
				\$

Liabilities and Stockholders' Equity

		\$
		\$
		\$

Problem 4-8A (Part Level Submission)

Mike Greenberg opened Clean Window Washing Inc. on July 1, 2014. During July, the following transactions were completed.

- July 1 Issued 15,444 shares of common stock for \$15,444 cash.
- 1 Purchased used truck for \$11,444, paying \$2,191 cash and the balance on account.
- 3 Purchased cleaning supplies for \$919 on account.
- 5 Paid \$1,800 cash on a 1-year insurance policy effective July 1.
- 12 Billed customers \$4,850 for cleaning services.
- 18 Paid \$1,232 cash on amount owed on truck and \$539 on amount owed on cleaning supplies.
- 20 Paid \$2,242 cash for employee salaries.
- 21 Collected \$1,727 cash from customers billed on July 12.
- 25 Billed customers \$2,653 for cleaning services.
- 31 Paid \$381 for maintenance of the truck during month.
- 31 Declared and paid \$650 cash dividend.

Journalize the July transactions. (**Credit account titles are automatically indented when the amount is entered. Do not indent manually. Record journal entries in the order presented in the problem.**)

Date	Account Titles and Explanation	Debit	Credit

(b)

Post to the ledger accounts. (*Post entries in the order of journal entries presented in the previous question.*)

Cash			
Accounts Receivable			
Supplies			
Prepaid Insurance			
Equipment			
Accounts Payable			
Common Stock			
Dividends			

Service Revenue			
Maintenance and Repairs Expense			
Salaries and Wages Expense			

(c)

Prepare a trial balance at July 31.

CLEAN WINDOW WASHING INC.

Trial Balance
July 31, 2014

	Debit	Credit
	\$	\$
	\$	\$

(d)

Journalize the following adjustments. **(Credit account titles are automatically indented when the amount is entered. Do not indent manually.)**

- (1) Services performed but unbilled and uncollected at July 31 were \$1,795.
- (2) Depreciation on equipment for the month was \$200.
- (3) One-twelfth of the insurance expired.
- (4) An inventory count shows \$320 of cleaning supplies on hand at July 31.
- (5) Accrued but unpaid employee salaries were \$413.

No.	Account Titles and Explanation	Debit	Credit
1.	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>
2.	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>
3.	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>
4.	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>
5.	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>

(e)

Post adjusting entries to the T-accounts.

Cash			
7/1	15,444	7/1	2,191
7/21	1,727	7/5	1,800
		7/18	1,771
		7/20	2,242
		7/31	381
		7/31	650
7/31 Bal.	8,136		
Accounts Receivable			
7/12	4,850	7/21	1,727
7/25	2,653	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Supplies			
7/3	919		
Prepaid Insurance			
7/5	1,800		
Equipment			
7/1	11,444		
7/31 Bal.	11,444		
Accumulated Depreciation-Equipment			
Accounts Payable			
7/18	1,771	7/1	9,253
		7/3	919
		7/31 Bal.	8,401
Salaries and Wages Payable			
Common Stock			
		7/1	15,444
		7/31 Bal.	15,444
Dividends			
7/31	650		
7/31 Bal.	650		
Service Revenue			
		7/12	4,850
		7/25	2,653
Maintenance and Repairs Expense			
7/31	381		
7/31 Bal.	381		
Supplies Expense			

Depreciation Expense			
Insurance Expense			
Salaries and Wages Expense			
7/20	2,242		

(f)

Prepare an adjusted trial balance.

CLEAN WINDOW WASHING INC.
Trial Balance
July 31, 2014

[illegible]

1/28/2017

\$**(g3)**Prepare a classified balance sheet at July 31. (*List current assets in order of liquidity.*)**CLEAN WINDOW WASHING INC.****Balance Sheet****July 31, 2014****Assets**

\$

\$

\$

Liabilities and Stockholders' Equity

\$

\$

\$

(h1)

Journalize closing entries. (*Credit account titles are automatically indented when the amount is entered. Do not indent manually.*)

Account Titles and Explanation	Debit	Credit
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
(To close revenue account)		
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
(To close expense accounts)		
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
(To close net income / (loss))		
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
(To close dividends)		

(h2)

Post closing entries and complete the closing process.

Cash			
7/1	15,444	7/1	2,191
7/21	1,727	7/5	1,800
		7/18	1,771
		7/20	2,242
		7/31	381
		7/31	650
7/31 Bal.	8,136		
Accounts Receivable			

7/12	4,850	7/21	1,727
7/25	2,653		
7/31	1,795		
7/31 Bal.	7,571		
Supplies			
7/3	919	7/31	599
7/31 Bal.	320		
Prepaid Insurance			
7/5	1,800	7/31	150
7/31 Bal.	1,650		
Equipment			
7/1	11,444		
7/31 Bal.	11,444		
Accumulated Depreciation-Equipment			
		7/31	200
		7/31 Bal.	200
Accounts Payable			
7/18	1,771	7/1	9,253
		7/3	919
		7/31 Bal.	8,401
Salaries and Wages Payable			
		7/31	413
		7/31 Bal.	413
Common Stock			
		7/1	15,444
		7/31 Bal.	15,444
Retained Earnings			
Dividends			
7/31	650		
Income Summary			
Service Revenue			
		7/12	4,850

		7/25	2,653
		7/31	1,795
Maintenance and Repairs Expense			
7/31	381		
Supplies Expense			
7/31	599		
Depreciation Expense			
7/31	200		
Insurance Expense			
7/31	150		
Salaries and Wages Expense			
7/20	2,242		
7/31	413		

(i)

Prepare a post-closing trial balance at July 31.

CLEAN WINDOW WASHING INC.
Post-Closing Trial Balance
July 31, 2014

	Debit	Credit
	\$	\$

	\$	\$