

Comprehensive Accounting Cycle Review Problem

Student Name: **Jacob Crossley**

Complete the Comprehensive Problem, beginning on page 2, on the included work papers BY HAND. (Not on a computer.)

Submit the assignment to your instructor AND upload it to your ePortfolio:

1. Submit to your instructor by July 1, 2015 (60 point)
2. Upload to your ePortfolio by July 15, 2015 and submit url on Canvas. (20 points)

You can complete #1 and skip #2 but you will lose the 20 points. (You can get help setting up an ePortfolio in the library on the Redwood campus.)

1-Instructions on how to submit the assignment to your instructor (60 points):

Complete the problem by hand and scan

- Submit via a link on the Canvas home page
 - Make a digital copy of your completed problem.
 - Log into your Canvas account home page for this course
 - Click on the Submit My Comprehensive Problem link on the bottom of the home page
 - Click on submit my assignment link in the upper right hand corner
 - Use the browse button to select the file and submit

Be sure and put your name on the assignment and keep a copy.

2-Instructions on how to submit your assignment via your ePortfolio (20 points):

- Upload the completed assignment to your ePortfolio Coursework page (copy the page url)
- Log into your Canvas account home page for this course
- Click on the Submit My ePortfolio link on the bottom of the home page
- Click on submit my assignment link in the upper right hand corner
- Paste the url page into the box provided and submit
- 20 points are awarded for submitting your assignment via your ePortfolio according to these instructions

Note: This is the project that lets you know if your level of understanding is where it needs to be to be successful in this course. If you are having great difficulty in completing this then you need to review the content of chapters 2-4 to continue on and have a successful experience. Please give it your best shot!

A solution to this problem is not available for your reference, by design. It is time for you to complete a problem on your own. The following check figures are provided:

Unadjusted Trial Balance	\$101,920
Adjusted Trial Balance	\$102,175
Net Income	\$13,465
Total Assets	\$92,260
Post-Closing Trial Balance	\$92,440

Comprehensive Accounting Cycle Review Problem

On December 1st Curt Williamson began an auto repair shop, Williamsons Quality Automotive. The following information about December's transactions, accounts, and adjustment data is available.

Transactions

- Dec. 1 Williamson contributed \$50,000 cash to the business in exchange for capital.
- 1 Purchased \$10,800 of equipment paying cash.
- 1 Paid \$4,500 for a 9-month insurance policy starting on December 1.
- 9 Paid \$18,000 cash to purchase land to be used in operations.
- 10 Purchased office supplies on account, \$3,000.
- 19 Borrowed \$28,000 from the bank for business use. Williamson signed a note payable to the bank in the name of the business.
- 22 Paid \$800 for advertising expenses.
- 26 Paid \$1,000 on account.
- 28 The business received a bill for utilities to be paid in January, \$280.
- 31 Revenues earned during the month included \$17,500 cash and \$2,700 on account.
- 31 Paid employees' salaries \$3,600 and building rent \$700. Record as a compound entry.
- 31 The business received \$1,440 for auto screening services to be performed next month.
- 31 Williamson withdrew cash of \$3,000.
-

Accounts

Cash; Accounts Receivable; Office Supplies; Prepaid Insurance; Equipment; Accumulated Depreciation-Equipment; Land; Accounts Payable; Utilities Payable; Interest Payable; Unearned Revenue; Notes Payable; Williamson, Capital; Williamson, Withdrawals; Service Revenue; Salaries Expense; Rent Expense; Utilities Expense; Advertising Expense; Supplies Expense; Insurance Expense; Interest Expense; and Depreciation Expense-Equipment.

Adjustment Data

- Office Supplies used during the month, \$600.
- Depreciation for the month, \$180.
- One month insurance has expired.
- Accrued Interest Expense, \$75.

Requirements:

Complete the following on the attached work papers

- Prepare the journal entries and post to the T-accounts.
- Prepare an unadjusted trial balance.
- Prepare the adjusting entries and post to the T-accounts.
- Prepare an adjusted trial balance.
- Prepare the income statement, the statement of owner's equity, and a classified balance sheet. Use proper formatting techniques including headings, dollar signs, and underlining.
- Prepare the closing entries and post to the T-accounts.
- Prepare a post-closing trial balance.

GENERAL JOURNAL

DATE	ACCOUNT TITLES AND EXPLANATION	DEBIT	CREDIT
	<i>Record Transactions, Adjusting Entries, Closing Entries in this journal</i>		
Dec. 1	Cash	50,000	
	Williamson Capital		50,000
	<i>Cash in exchange for capital</i>		
Dec. 1	Equipment	10,800	
	Cash		10,800
	<i>Paid cash for equipment</i>		
Dec. 1	Prepaid Insurance	4,500	
	Cash		4,500
	<i>Prepaid insurance premium with cash</i>		
Dec. 9	Land	18,000	
	Cash		18,000
	<i>Paid cash for land</i>		
Dec. 10	Office Supplies	3,000	
	Accounts Payable		3,000
	<i>Purchased office supplies on account</i>		
Dec. 19	Cash	28,000	
	Notes Payable		28,000
	<i>Borrowed cash for business use</i>		
Dec. 22	Advertising Expense	800	
	Cash		800
	<i>Paid cash for advertising</i>		
Dec. 26	Accounts Payable	1,000	
	Cash		1,000
	<i>Paid cash on account</i>		
Dec. 28	Utilities Expense	280	
	Utilities Payable		280
	<i>To record future payment for utilities</i>		
Dec. 31	Cash	17,500	
	Accounts Receivable	2,700	
	Service Revenue		20,200
	<i>To record service revenue</i>		
Dec. 31	Salaries Expense	3,600	
	Rent Expense	700	
	Cash		4,300
	<i>To record expenses</i>		
Dec. 31	Cash	1,440	
	Unearned Revenue		1,440
	<i>To record unearned revenue</i>		

GENERAL JOURNAL

DATE	ACCOUNT TITLES AND EXPLANATION	DEBIT	CREDIT
Dec. 31	Williamson, Withdrawals	3,000	
	Cash		3,000
	<i>To record owner's draw</i>		
Dec. 31	Supplies Expense	600	
	Office Supplies		600
	<i>To record used office supplies</i>		
Dec. 31	Depreciation Expense – Equipment	180	
	Accumulated Depreciation – Equipment		180
	<i>To record depreciation of equipment</i>		
Dec. 31	Insurance Expense	500	
	Prepaid Insurance		500
	<i>To record expired insurance</i>		
Dec. 31	Interest Expense	75	
	Interest Payable		75
	<i>To accrue interest expense</i>		
Dec. 31	Income Summary	6,735	
	Salaries Expense		3,600
	Rent Expense		700
	Utilities Expense		280
	Advertising Expense		800
	Supplies Expense		600
	Insurance Expense		500
	Interest Expense		75
	Depreciation Expense – Equipment		180
	<i>To close expenses</i>		
Dec. 31	Service Revenue	20,200	
	Income Summary		20,200
	<i>To close revenue</i>		
Dec 31	Income Summary	13,465	
	Williamson, Capital		13,465
	<i>To close Income Summary</i>		
Dec. 31	Williamson, Capital	3,000	
	Williamson, Withdrawals		3,000
	<i>To close withdrawals</i>		

GENERAL LEDGER

<p style="text-align: center;"><u>Cash</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Dec. 1 50,000</td> <td style="width: 50%;">10,800 Dec. 1</td> </tr> <tr> <td>Dec. 19 28,000</td> <td>4,500 Dec. 1</td> </tr> <tr> <td>Dec. 31 17,500</td> <td>18,000 Dec. 9</td> </tr> <tr> <td>Dec. 31 1,440</td> <td>800 Dec. 22</td> </tr> <tr> <td></td> <td>1,000 Dec. 26</td> </tr> <tr> <td></td> <td>4,300 Dec. 31</td> </tr> <tr> <td></td> <td>3,000 Dec. 31</td> </tr> <tr> <td></td> <td>54,540 Bal.</td> </tr> </table>	Dec. 1 50,000	10,800 Dec. 1	Dec. 19 28,000	4,500 Dec. 1	Dec. 31 17,500	18,000 Dec. 9	Dec. 31 1,440	800 Dec. 22		1,000 Dec. 26		4,300 Dec. 31		3,000 Dec. 31		54,540 Bal.	<p style="text-align: center;"><u>Accts. Rec</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Dec. 31 2,700</td> <td style="width: 50%;"></td> </tr> <tr> <td>Bal. 2,700</td> <td></td> </tr> </table>	Dec. 31 2,700		Bal. 2,700		<p style="text-align: center;"><u>Office Supplies</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Dec. 10 3,000</td> <td style="width: 50%;">600 Dec. 31</td> </tr> <tr> <td>Bal. 2,400</td> <td></td> </tr> </table>	Dec. 10 3,000	600 Dec. 31	Bal. 2,400		<p style="text-align: center;"><u>Prepaid Insurance</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Dec. 1 4,500</td> <td style="width: 50%;">500 Dec. 31</td> </tr> <tr> <td>Bal. 4,000</td> <td></td> </tr> </table>	Dec. 1 4,500	500 Dec. 31	Bal. 4,000	
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Rent Expense

Dec. 31	700	700	Clos. 1
Bal.	0		

Utilities Expense

Dec. 28	280	280	Clos. 1
Bal.	0		

Advertising Expense

Dec. 22	800	800	Clos. 1
Bal.	0		

Supplies Expense

Dec. 31	600	600	Clos. 1
Bal.	0		

Insurance Expense

Dec. 31	500	500	Clos. 1
Bal.	0		

Interest Expense

Dec. 31	75	75	Clos. 1
Bal.	0		

Depreciation Exp. Equip.

Dec. 31	180	180	Clos. 1
Bal.	0		

Income Summary

		Clos. 1	6,735				
		Clos. 3	13,465	20,200	Clos. 2		
				13,465	Bal.		
				0	Bal.		

Unadjusted Trial Balance

	Debits	Credits
Cash	\$ 54,540	
Accounts Receivable	2,700	
Office Supplies	3,000	
Prepaid Insurance	4,500	
Equipment	10,800	
Land	18,000	
Accounts Payable		\$ 2,000
Utilities Payable		280
Unearned Revenue		1,440
Notes Payable		28,000
Williamson, Capital		50,000
Williamson, Withdrawals	3,000	
Service Revenue		20,200
Salaries Expense	3,600	
Rent Expense	700	
Utilities Expense	280	
Advertising Expense	800	
Total	<u>\$101,920</u>	<u>\$101,920</u>

Adjusted Trial Balance

	Debits	Credits
Cash	\$ 54,540	
Accounts Receivable	2,700	
Office Supplies	2,400	
Prepaid Insurance	4,000	
Equipment	10,800	
Accumulated Depreciation – Equipment		180
Land	18,000	
Accounts Payable		2,000
Utilities Payable		280
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Utilities Expense	280	
Advertising Expense	800	
Supplies Expense	600	
Insurance Expense	500	
Interest Expense	75	
Depreciation Expense - Equipment	180	

Income Statement

Williamson Quality Automotive
Income Statement
One Month Ending December 31, 2014

Revenues:		
Service Revenue		\$20,200
Expenses:		
Salaries Expense	\$3,600	
Rent Expense	700	
Utilities Expense	280	
Advertising Expense	800	
Supplies Expense	600	
Insurance Expense	500	
Interest Expense	75	
Depreciation Expense – Equipment	180	
Total Expenses		6,735
Net Income		<u>\$13,465</u>

Statement of Changes in Owner's Equity

Williamson Quality Automotive
Statement of Owner's Equity
One Month Ending December 31, 2014

Williamson, Capital December 1, 2014		\$ 0
Owner's Contribution		50,000
Net Income for December		13,465
		<u>63,465</u>
Owner Withdrawals		(3,000)
Williamson, Capital December 31, 2014		<u>\$60, 465</u>

