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Use the May 31 fiscal year-end information from the following ledger accounts (assume that all accounts have normal balances).

General Ledger									
M. Muncel, Capital Acct. No. 301					Salaries Expense Acct. No. 622				
Date	PR	Debit	Credit	Balance	Date	PR	Debit	Credit	Balance
May 31	G2			89,000	May 31	G2			44,500
M. Muncel, Withdrawals Acct. No. 302					Insurance Expense Acct. No. 637				
Date	PR	Debit	Credit	Balance	Date	PR	Debit	Credit	Balance
May 31	G2			54,000	May 31	G2			5,720
Services Revenue Acct. No. 401					Rent Expense Acct. No. 640				
Date	PR	Debit	Credit	Balance	Date	PR	Debit	Credit	Balance
May 31	G2			156,818	May 31	G2			12,040
Depreciation Expense Acct. No. 603					Income Summary Acct. No. 901				
Date	PR	Debit	Credit	Balance	Date	PR	Debit	Credit	Balance
May 31	G2			22,000					

Prepare closing journal entries from the above ledger accounts.

Event	General Journal	Debit	Credit
1	Services revenue ✓	156,818 ✓	
	Income summary ✓		156,818 ✓
2	Income summary ✓	84,260 ✓	
	Depreciation expense ✓		22,000 ✓
	Salaries expense ✓		44,500 ✓
	Insurance expense ✓		5,720 ✓
	Rent expense ✓		12,040 ✓
3	Income summary ✓	72,558 ✓	
	M. Muncel, Capital ✓		72,558 ✓
4	M. Muncel, Capital ✓	54,000 ✓	
	M. Muncel, Withdrawals ✓		54,000 ✓

Post the above entries to their respective ledger accounts in the order entered under Part 1.

M. Muncel, Capital			
Date	Debit	Credit	Balance
May 31			89,000
3 ✓		72,558 ✓	161,558
4 ✓	54,000 ✓		107,558

Salaries Expense			
Date	Debit	Credit	Balance
May 31			44,500
2 ✓		44,500 ✓	0

M. Muncel, Withdrawals			
Date	Debit	Credit	Balance
May 31			54,000
4 ✓		54,000 ✓	0

Insurance Expense			
Date	Debit	Credit	Balance
May 31			5,720
2 ✓		5,720 ✓	0

Services Revenue			
Date	Debit	Credit	Balance
May 31			156,818
1 ✓	156,818 ✓		0

Rent Expense			
Date	Debit	Credit	Balance
May 31			12,040
2 ✓		12,040 ✓	0

Depreciation Expense			
Date	Debit	Credit	Balance
May 31			22,000
2 ✓		22,000 ✓	0

Income Summary			
Date	Debit	Credit	Balance
1 ✓		156,818 ✓	156,818
2 ✓	84,260 ✓		72,558
3 ✓	72,558 ✓		0

2.

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The following adjusted trial balance contains the accounts and balances of Cruz Company as of December 31, 2013, the end of its fiscal year.

No.	Account Title	Debit	Credit
101	Cash	\$ 18,000	
126	Supplies	10,100	
128	Prepaid insurance	2,000	
167	Equipment	23,000	
168	Accumulated depreciation—Equipment		\$ 6,500
301	T. Cruz, Capital		42,720
302	T. Cruz, Withdrawals	6,000	
404	Services revenue		43,200
612	Depreciation expense—Equipment	2,000	
622	Salaries expense	25,186	
637	Insurance expense	1,814	
640	Rent expense	2,894	
652	Supplies expense	1,426	
	Totals	\$92,420	\$92,420

1. Prepare the December 31, 2013, closing entries for Cruz Company. Assume the account number for Income Summary is 901.

Date	General Journal	Debit	Credit
Dec.31	Services revenue ✓	43,200 ✓	
	Income summary ✓		43,200 ✓
Dec.31	Income summary ✓	33,320 ✓	
	Depreciation expense—Equipment ✓		2,000 ✓
	Salaries expense ✓		25,186 ✓
	Insurance expense ✓		1,814 ✓
	Rent expense ✓		2,894 ✓
	Supplies expense ✓		1,426 ✓
Dec.31	Income summary ✓	9,880 ✓	
	T. Cruz, Capital ✓		9,880 ✓
Dec.31	T. Cruz, Capital ✓	6,000 ✓	
	T. Cruz, Withdrawals ✓		6,000 ✓

2. Prepare the December 31, 2013, post-closing trial balance for Cruz Company.

CRUZ COMPANY		
Post-Closing Trial Balance		
December 31, 2013		
	Debit	Credit
Cash ✓	\$ 18,000 ✓	
Supplies ✓	10,100 ✓	
Prepaid insurance ✓	2,000 ✓	
Equipment ✓	23,000 ✓	
Accumulated depreciation—Equipment ✓		\$ 6,500 ✓
T. Cruz, Capital ✓		46,600 ✓
Totals	\$ 53,100	\$ 53,100

3.

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The adjusted trial balance for Salonika Marketing Co. follows. Complete the four right-most columns of the table by first entering information for the closing entries and then completing the post-closing trial balance.

Salonika Marketing Company Partial Work Sheet							
No.	Account Title	Adjusted Trial Balance		Closing Entry Information		Post-Closing Trial Balance	
		Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
101	Cash	\$ 10,100				\$ 10,100 ✓	
106	Accounts receivable	25,000				25,000 ✓	
153	Equipment	42,000				42,000 ✓	
154	Accumulated depreciation—Equipment		\$ 17,500				17,500 ✓
193	Franchise	31,000				31,000 ✓	
201	Accounts payable		15,000				15,000 ✓
209	Salaries payable		4,200				4,200 ✓
233	Unearned fees		3,600				3,600 ✓
301	E. Salonika, Capital		62,018	15,400 ✓	21,182 ✓		67,800 ✓
302	E. Salonika, Withdrawals	15,400			15,400 ✓		
401	Marketing fees earned		94,000	94,000 ✓			
611	Depreciation expense— Equipment	12,000			12,000 ✓		
622	Salaries expense	37,412			37,412 ✓		
640	Rent expense	14,288			14,288 ✓		
677	Miscellaneous expense	9,118			9,118 ✓		
901	Income summary			72,818 ✓	94,000 ✓		
				21,182 ✓			
	Totals	\$ 196,318	\$ 196,318	\$ 203,400	\$ 203,400	\$ 108,100	\$ 108,100

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The following is the adjusted trial balance of Wilson Trucking Company.

Account Title	Debit	Credit
Cash	\$ 7,600	
Accounts receivable	16,500	
Office supplies	2,000	
Trucks	158,000	
Accumulated depreciation—Trucks		\$ 32,548
Land	75,000	
Accounts payable		11,600
Interest payable		3,000
Long-term notes payable		52,000
K. Wilson, Capital		164,050
K. Wilson, Withdrawals	19,000	
Trucking fees earned		111,000
Depreciation expense—Trucks	20,993	
Salaries expense	52,059	
Office supplies expense	13,500	
Repairs expense—Trucks	9,546	
Totals	\$374,198	\$374,198

The K. Wilson, Capital, account balance is \$164,050 at December 31, 2012.

1. Prepare the income statement for the year ended December 31, 2013.

WILSON TRUCKING COMPANY		
Income Statement		
For Year Ended December 31, 2013		
Revenues		
Trucking fees earned	✓	\$ 111,000 ✓
Expenses		
Salaries expense	✓ \$ 52,059 ✓	
Office supplies expense	✓ 13,500 ✓	
Repairs expense—Trucks	✓ 9,546 ✓	
Depreciation expense—Trucks	✓ 20,993 ✓	
		0
		0
Total expenses		96,098
Net income	✓	\$ 14,902

2. Prepare the statement of owner's equity for the year ended December 31, 2013.

WILSON TRUCKING COMPANY		
Statement of Owner's Equity		
For Year Ended December 31, 2013		
K. Wilson, Capital, December 31, 2012	✓ \$ 164,050 ✓	
Add: Net income	✓ 14,902 ✓	
		178,952
Less: Withdrawals	✓ 19,000 ✓	
K. Wilson, Capital, December 31, 2013	✓ \$ 159,952	

5.

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9.60 out of
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Account Title	Debit	Credit
Cash	\$ 5,500	
Accounts receivable	24,500	
Office supplies	6,325	
Trucks	174,000	
Accumulated depreciation—Trucks		\$ 35,844
Land	41,000	
Accounts payable		9,500
Interest payable		16,000
Long-term notes payable		35,000
K. Wilson, Capital		139,925
K. Wilson, Withdrawals	19,000	
Trucking fees earned		123,000
Depreciation expense—Trucks	23,119	
Salaries expense	53,935	
Office supplies expense	2,000	
Repairs expense—Trucks	9,890	
Totals	\$359,269	\$359,269

Use the above adjusted trial balance to prepare Wilson Trucking Company's classified balance sheet as of December 31, 2013.

WILSON TRUCKING COMPANY		
Balance Sheet		
December 31, 2013		
Assets		
Current assets ✓		
Cash ✓		\$ 5,500 ✓
Accounts receivable ✓		24,500 ✓
Office supplies ✓		6,325 ✓
	0	0
	0	0
Total current assets		\$ 36,325
✗		
Trucks ✓	\$ 174,000 ✓	
Accumulated depreciation—Trucks ✓	35,844 ✓	138,156
Land ✓		41,000 ✓
Total plant assets		179,156
Total assets		\$ 215,481
Liabilities		
Current liabilities ✓		
Accounts payable ✓		\$ 9,500 ✓
Interest payable ✓		16,000 ✓
		0
		0
Total current liabilities		25,500
Long-term liabilities ✓		
Long-term notes payable ✓		35,000 ✓
		0
		0
Total liabilities		60,500
Equity		
K. Wilson, Capital ✓		154,981 ✓
		0
		0
Total liabilities and equity		\$ 215,481

*Red text indicates no response was expected in a cell or a formula-based calculation is incorrect; no points deducted.

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Use the information in the following adjusted trial balance for the Wilson Trucking Company.

Account Title	Debit	Credit
Cash	\$ 9,000	
Accounts receivable	16,500	
Office supplies	2,000	
Trucks	160,000	
Accumulated depreciation—Trucks		\$ 32,960
Land	75,000	
Accounts payable		13,000
Interest payable		3,000
Long-term notes payable		52,000
K. Wilson, Capital		151,879
K. Wilson, Withdrawals	19,000	
Trucking fees earned		128,000
Depreciation expense—Trucks	21,259	
Salaries expense	60,032	
Office supplies expense	7,040	
Repairs expense—Trucks	11,008	
Totals	\$380,839	\$380,839

1. Calculate the current ratio.

Current ratio				
Choose Numerator:	/	Choose Denominator:	=	Current ratio
Current assets ✓	/	Current liabilities ✓	=	Current ratio
\$ 27,500 ✓	/	\$ 16,000 ✓	=	1.72

2. Compare Wilson's current ratio with the industry average. (Assume that the industry average for the current ratio is 1.5.)

- Wilson's current ratio is above the industry average.
- Wilson's current ratio is below the industry average.

7.

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1. Compute the current ratio in each of the separate cases. (Round your answers to 2 decimal places.)

	Current Assets	Current Liabilities	Current Ratio
Case 1	\$ 75,000	\$ 39,267	1.91 ✓
Case 2	99,750	94,611	1.05 ✓
Case 3	42,300	60,676	0.70 ✓
Case 4	81,225	101,981	0.80 ✓
Case 5	57,675	124,778	0.46 ✓

2. Identify the company case with the strongest liquidity position. (These cases represent competing companies in the same industry.)

- Case 1
- Case 2
- Case 3
- Case 4
- Case 5

8.

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Use the following information from the Adjustments columns of a 10-column work sheet.

No.	Account Title	Adjustments	
		Dr.	Cr.
109	Interest receivable	(d) \$ 751	
124	Office supplies		(b) \$1,906
128	Prepaid insurance		(a) 1,156
164	Accumulated depreciation—Office equipment		(c) 3,300
209	Salaries payable		(e) 831
409	Interest revenue		(d) 751
612	Depreciation expense—Office equipment	(c) 3,300	
620	Office salaries expense	(e) 831	
636	Insurance expense—Office equipment	(a) 555	
637	Insurance expense—Store equipment	(a) 601	
650	Office supplies expense	(b) 1,906	
Totals		\$7,944	\$7,944

Prepare the necessary adjusting journal entries (a) through (e).

Event	General Journal	Debit	Credit
(a)	Insurance expense—Office equipment	✓ 555 ✓	
	Insurance expense—Store equipment	✓ 601 ✓	
	Prepaid insurance	✓	1,156 ✓
(b)	Office supplies expense	✓ 1,906 ✓	
	Office supplies	✓	1,906 ✓
(c)	Depreciation expense—Office equipment	✓ 3,300 ✓	
	Accumulated depreciation—Office equipment	✓	3,300 ✓
(d)	Interest receivable	✓ 751 ✓	
	Interest revenue	✓	751 ✓
(e)	Office salaries expense	✓ 831 ✓	
	Salaries payable	✓	831 ✓

9.

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The Adjusted Trial Balance for Planta Company follows. Complete the work sheet by extending the account balances into the appropriate financial statement columns and by entering the amount of net income for the reporting period.

Planta Company Work Sheet							
		Adjusted Trial Balance		Income Statement		Balance Sheet & Statement of Owner's Equity	
No.	Account Title	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
101	Cash	\$ 9,000				\$ 9,000 ✓	
106	Accounts receivable	39,330				39,330 ✓	
153	Trucks	40,000				40,000 ✓	
154	Accumulated depreciation—Trucks		16,080				16,080 ✓
183	Land	30,000				30,000 ✓	
201	Accounts payable		20,970				20,970 ✓
209	Salaries payable		4,797				4,797 ✓
233	Unearned fees		4,197				4,197 ✓
301	F. Planta, Capital		70,512				70,512 ✓
302	F. Planta, Withdrawals	10,632				10,632 ✓	
401	Plumbing fees earned		63,000		63,000 ✓		
611	Depreciation expense—Trucks	5,360		5,360 ✓			
622	Salaries expense	29,484		29,484 ✓			
640	Rent expense	9,576		9,576 ✓			
677	Miscellaneous expense	6,174		6,174 ✓			
	Totals	\$ 179,556	\$ 179,556	50,594	63,000	128,962	116,556
	Net income			12,406 ✓			12,406 ✓
	Totals			\$ 63,000	\$ 63,000	\$ 128,962	\$ 128,962

10.

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These partially completed Income Statement columns from a 10-column work sheet are for Brown's Bike Rental Company. The owner, H. Brown, did not make any withdrawals this period.

Account Title	Debit	Credit
Rent earned		140,000
Salaries expense	62,160	
Insurance expense	8,820	
Office supplies expense	20,580	
Bike repair expense	4,340	
Depreciation expense—Bikes	26,740	

1. Using the above information, determine the net income.

Net income ✓ \$ 17,360 ✓

2. Prepare Brown's Bike Rental Company's, closing entries.

Event	General Journal	Debit	Credit
1	Rent earned ✓	140,000 ✓	
	Income summary ✓		140,000 ✓
2	Income summary ✓	122,640 ✓	
	Salaries expense ✓		62,160 ✓
	Insurance expense ✓		8,820 ✓
	Office supplies expense ✓		20,580 ✓
	Bike repair expense ✓		4,340 ✓
	Depreciation expense—Bikes ✓		26,740 ✓
3	Income summary ✓	17,360 ✓	
	H. Brown, Capital ✓		17,360 ✓

The following unadjusted trial balance contains the accounts and balances of Dylan Delivery Company as of December 31, 2013. There were no investments by the owner in the current year.

- a. Unrecorded depreciation on the trucks at the end of the year is \$7,682.
- b. The total amount of accrued interest expense at year-end is \$8,000.
- c. The cost of unused office supplies still available at the year-end is \$1,500.

1. Use the above information about the company's adjustments to complete a 10-column work sheet.

DYLAN DELIVERY COMPANY											
Work Sheet											
For Year Ended December 31, 2013											
Account Title	Unadjusted Trial Balance		Adjustments		Adjusted Trial Balance		Income Statement		Balance Sheet and Statement of Owner's Equity		
	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr	
Cash	\$ 14,000				\$ 14,000	✓			\$ 14,000	✓	
Accounts receivable	22,000				22,000	✓			22,000	✓	
Office supplies	2,500			\$ 1,000	✓	1,500	✓		1,500	✓	
Trucks	250,000				250,000	✓			250,000	✓	
Accum. Depreciation—Trucks		\$ 70,000		7,682	✓		\$ 77,682	✓		\$ 77,682	✓
Land	140,000				140,000	✓			140,000	✓	
Accounts payable		21,980					21,980	✓		21,980	✓
Interest payable		1,000		7,000	✓		8,000	✓		8,000	✓
Long-term notes payable		70,000					70,000	✓		70,000	✓
S. Dylan, Capital		231,005					231,005	✓		231,005	✓
S. Dylan, Withdrawals	40,000				40,000	✓			40,000	✓	
Delivery fees earned		256,060					256,060	✓	\$ 256,060	✓	
Depreciation expense—Trucks	50,000		\$ 7,682	✓	57,682	✓		\$ 57,682	✓		
Salaries expense	107,545				107,545	✓		107,545	✓		
Office supplies expense	16,000		1,000	✓	17,000	✓		17,000	✓		
Interest expense	1,000		7,000	✓	8,000	✓		8,000	✓		
Repairs expense—Trucks	7,000				7,000	✓		7,000	✓		
Totals	\$ 650,045	\$ 650,045	\$ 15,682	\$ 15,682	\$ 664,727	\$ 664,727	197,227	256,060	467,500	408,667	
Net Income							58,833	✓		58,833	✓
Totals							\$ 256,060	\$ 256,060	\$ 467,500	467,500	

2-1 Prepare the year-end closing entries for Dylan Delivery Company as of December 31, 2013.

Date	General Journal	Debit	Credit
December 31, 2013	Delivery fees earned	✓ 256,060	✓
	Income summary	✓	256,060
December 31, 2013	Income summary	✓ 197,227	✓
	Depreciation expense—Trucks	✓	57,682
	Interest expense	✓	8,000
	Office supplies expense	✓	17,000
	Repairs expense—Trucks	✓	7,000
	Salaries expense	✓	107,545
December 31, 2013	Income summary	✓ 58,833	✓
	S. Dylan, Capital	✓	58,833
December 31, 2013	S. Dylan, Capital	✓ 40,000	✓
	S. Dylan, Withdrawals	✓	40,000

2-2 Determine the capital amount to be reported on the December 31, 2013 balance sheet.

S. Dylan, Capital	\$ 249,838	✓
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