B-04.02

Reagan Sakai is in charge of financial management for Land Monitrix. Land Monitrix utilizes satellite technology and sophisticated mapping software to alert its customers to trespassing, illegal dumping, and other encroachments on property these customers own around the globe. Customers typically purchase one-year contracts for this service, and the pricing depends on the number and size of sites monitored.

Mr. Sakai desires to review financial reports -- an income statement, statement of retained earnings, and balance sheet. Prepare these reports from the following adjusted trial balance. Mr. Sakai needs this information for internal review purposes, and does not require a classified balance sheet. The operating data relate to the full year, and the blank worksheet already includes partial data.

LAND MONITRIX CORPORATION
Adjusted Trial Balance
As of December 31, 20X5

	Debits	Credits
Cash	$ 834,221	$ -
Accounts receivable	345,909	-
Prepaid expenses	45,787	-
Supplies	66,665	-
Satellite equipment	3,009,000	-
Accumulated depreciation	-	1,222,199
Accounts payable	-	544,190
Unearned revenues	-	455,000
Loan payable	-	1,000,000
Capital stock	-	560,000
Retained earnings, Jan. 1	-	228,892
Dividends	50,000	-
Revenues	-	2,373,402
Selling expenses	476,445	-
Interest expense	80,000	-
Salaries expense	677,667	-
Maintenance and supplies expense	222,989	-
Depreciation expense	575,000	-
	$ 6,383,683	$ 6,383,683

B-04.04

Some of the following accounts are real (permanent) accounts, and some are nominal (temporary) accounts. Which are which?

Capital Stock
Revenues
Accumulated Depreciation
Salaries Expense
Accounts Payable
Dividends
Supplies
Rent Expense
Unearned Revenues
Income Summary
Equipment
Prepaid Rent
Interest Payable
Retained Earnings
Loan Payable

B-04.05

Timber Creek prepared the following adjusted trial balance on December 31, 20X3. The company has completed preparation of financial statements and is now ready to prepare closing entries.

TIMBER CREEK
Adjusted Trial Balance
As of December 31, 20X3

	Debits	Credits
Cash	$ 35,600	$ -
Accounts receivable	23,700	-
Supplies	7,500	-
Equipment	325,700	-
Accumulated depreciation	-	40,400
Accounts payable	-	34,800
Loan payable	-	100,000
Capital stock	-	80,000
Retained earnings	-	70,000
Dividends	20,000	-
Revenues	-	478,400
Rent expense	120,000	-
Salaries expense	235,600	-
Supplies expense	18,000	-
Interest expense	7,400	-
Depreciation expense	10,100	-
	$ 803,600	$ 803,600

(a) Prepare the necessary closing entries.
(b) Use T-accounts to determine the post-closing balances of the accounts.
(c) Prepare the post-closing trial balance.

B-04.08

Liz Ross Corporation prepares a classified balance sheet that includes the following traditional sections:

Current Assets
Long-term Investments
Property, Plant & Equipment
Intangibles
Other Assets
Current Liabilities
Long-term Liabilities
Stockholders' Equity

In which section of the classified balance sheet would the following accounts appear? Some of the accounts may not appear in the balance sheet.

Note Payable (due in 3 months)
Accumulated Depreciation
Investment in Government Bonds
Accounts Receivable
Accounts Payable
Long-term Receivable From Employee
Dividends
Capital Stock
Patent
Supplies
Retained Earnings (ending)
Rent Expense
Unearned Revenues
Income Summary
Equipment
Revenues
Prepaid Rent
Interest Payable
Retained Earnings (beginning)
Loan Payable (due in 5 years)

B-04.09

Norman J. Nanga owns a manganese ore mining business. He is interested in attracting additional investors to obtain financing for planned expansion. Some potential investors have expressed a concern that money is really being sought to address liquidity problems being faced by Nanga's company.

To alleviate this concern Nanga provided the following complete list of assets and liabilities of the company. Use this information to determine the company's current assets, current liabilities, working capital, current ratio, and quick ratio. Based on your calculations, does it appear that the company is experiencing liquidity problems?

Accumulated Depreciation	$4,569,000
Prepaid Rent	45,800
Note Payable (due in 3 months)	100,000
Accounts Receivable	468,000
Accounts Payable	255,000
Patent	3,000,000
Cash	790,000
Supplies	134,800
Unearned Revenues	133,000
Equipment	8,777,600
Interest Payable	45,000
Loan Payable (due in 3 years)	1,500,000