**Problems – Please Answer these on the provided workpapers**

**Problem 3** The following ledger accounts are used by the Matchbox Race Track, who’s advertising slogan is “Come have a little fun!”:

Accounts Receivable

Prepaid Advertising

Prepaid Rent

Unearned Sales Revenue

Advertising Expense

Rent Expense

Sales Revenue

**Instructions**

For each of the following transactions, prepare the journal entry (if one is required) to record the initial transaction and then prepare the adjusting entry, if any, required on September 30, the end of the fiscal year. Show calculation for adjusting entries beneath the entries, for partial credit. **(20 Points)**

(a) On September 1, paid rent on the track facility for three months, $210,000.

(b) On September 1, sold season tickets for admission to the racetrack. The racing season is year-round with 25 racing days each month. Season ticket sales totaled $960,000.

(c) On September 1, borrowed $350,000 from First National Bank by issuing a 9% note payable due in three months.

(d) On September 5, programs for 20 racing days in September, 25 racing days in October, and 15 racing days in November were printed for $3,000. (Hint – Calculate printing cost per racing day)

**Problem 5** Team Jacob, Inc. provides security services in the Pacific Northwest. The following items are taken from its General Ledger, after all adjustments have been made, for the year ending December 31, 2013:

Accounts payable $ 19,000

Accounts receivable 11,000

Accumulated depreciation – equipment 28,000

Advertising expense 21,000

Cash 11,000

Common stock 40,000

Dividends 14,000

Depreciation expense 12,000

Insurance expense 3,000

Note payable, due 6/30/14 70,000

Prepaid insurance (12-month policy) 6,000

Rent expense 17,000

Retained earnings (1/1/13) 65,000

Salaries and wages expense 32,000

Service revenue 125,000

Supplies Inventory 4,000

Supplies expense 6,000

Equipment 210,000

1. Prepare a Trial Balance as of December 31, 2013 (Hint – It may be helpful to note here if each item is Asset, Liability, SHEq, Revenue or Expense, and if each amount will be a Debit or Credit) **(9 points)**
2. Prepare the financial statements, including proper headings, to present to Team Jacob’s management. Don’t be too concerned, their bark is worse than their bite. **(18 points)**