

CH 1

1) $A = L + SE$

$SE = A - L$

$SE = 700K - 200K = 500K$

CH 2

2)	cash	common stock
	+ 8,000	+ 8,000

3)	cash	notes payable
	+ 19,000	+ 19,000

4)	cash	equipment	notes payable
	- 2,000	+ 3,000	+ 1,000

5)	Dr Cash 8,000	
	Cr Common Stock 8,000	

6)	Dr Cash 19,000	
	Cr Notes Payable 19,000	

7)	Dr Equipment 3,000	
	Cr Cash 2,000	
	Cr Notes payable 1,000	

cash	common stock	notes payable	equipment
8,000	1	8,000	BB 2,000
19,000	200		3,000
25,000		8,000	24,000
			5,000

CH 3

- 9) Revenue recognized on Feb 8, ~~Feb 8~~ Dr AR 5K
 Cr Sales Revenue 5K
- Feb 22 Dr Cash 5K
 Cr AR 5K
- 10) expense recognized on Feb 8, ~~Feb 8~~ Dr Bonus Exp 1,500
 Cr AP 1,500
- Feb 22 Dr AP 1,500
 Cr Cash 1,500
- 11) Mar 1 Dr Prepaid Insurance 900 Mar 31 Dr Insurance exp 900
 Cr Cash 900 Cr Prepaid insurance
- 12) Sam Mar 3 Mar 7
 Dr AR 20 Dr Cash 20
 Cr Service Revenue 20 Cr AR 20
- John Mar 3 Mar 7
 Dr Haircut exp 20 Dr AP 20
 Cr AP 20 Cr Cash 20
- 13) Mar 1 Dr Equipment 100K Dec 31 Dr Depr Exp $\frac{100K}{10} \times \frac{10}{12} = 8.3K$
 Cr Cash 100K Cr Accum Depr 8.3K
- 14) $\frac{100K}{10} = 10K \text{ per year} \times 6 \text{ years} = 60K$ BV = 100K - 60K = 40K
- 15) Incorrect Correct
- | | |
|-------------------------|-----------------------------|
| Dr Commissions Exp 200k | Dr Prepaid Commissions 100k |
| Cr Cash 200k | Cr Cash 10k |

leaving the wrong JE as it is, the correcting adjusting entry at year end is :

Dr Prepaid Commissions 100K
Cr Commissions expense 100K

All together, at the end of the 1st year:

Dr Commissions exp 200 K
Dr Prepaid commissions 100K
Cr Cash 200 K
Cr Commissions Exp 100 K

Simplified to :

Dr Commissions Exp 100 k
Dr Prepaid commissions 100k
Cr Cash 200 k

CH 4

16)	Sales Rev	Service Rev	Gain
	10K	7K	100

Dr Sales Rev 10k
Dr Service Rev 7k
Dr Gain 100
Cr Income Summary 17,100

17)	Marketing	Consulting	Mgmt	Travel	Dr Income summary 12K
	5K	4K	2K	1K	Cr Marketing 5K Cr Consulting 4K Cr Mgmt 2K Cr travel 1K

Income Summary

	17,100
12K	
	<u>5,100</u>

18) Dr Income Summary 5,100

Cr RE 5,100

19) dividends Dr RE 600

600 Cr Dividends 600

CH 5

20) Dr Inventory 200 Dr Inventory 8K
Cr AP 200 Cr AP 8K

21) Amazon Apple
NONE Dr Freight Exp 200
Cr AP 200

Mar 2

Mar 11

Apr 1

22) Dr Inven 60K Dr AP 60K Dr AP 60K
Cr AP 60K Cr Cash 57600 Cr Cash 60K
Cr Inven $0.04 \times 60K = 2400$

23) Dr AR 10K Dr Colbs 1,500

Cr Sales Rev 10K Cr Inven 1,500

24) Amazon

Dr AP 5K

Cr Inven 5K

Apple

Dr Sales returns and allowances 5K

Cr AR 5K

Dr Inven 2K

Cr COGS 2K

$$25) \text{ gross profit rate} = \frac{800 - 200}{800} = 0.75 \quad \text{markup} = \frac{800 - 200}{200} \times 100 = 300\%$$

CHG 1 2 3
 | | |
 500 @ 0.9 200 @ 0.7 300 @ 0.5

$$26) \text{ (500 @ 0.9, 200 @ 0.7, 300 @ 0.5)} \Rightarrow 1,000 \text{ total units}$$

$$\text{COGS} = 400 \times 0.9 = 360$$

(600 units left)

Dr COGS 360

Cr Inventory 360

$$EI = 300(0.5) + 200(0.7) + 100(0.9) = 380$$

$$27) \text{ (500 @ 0.9, 200 @ 0.7, 300 @ 0.5)}$$

$$\text{COGS} = 300(0.5) + 100(0.7) = 220$$

$$EI = 500(0.9) + 100(0.7) = 520$$

(600 units left)

$$28) \text{ COGAS} = 500(0.9) + 200(0.7) + 300(0.5) = 740$$

$$\text{# units available for sale} = 500 + 200 + 300 = 1000$$

$$740 / 1000 = 0.74 \text{ avg cost}$$

$$\text{COGS} = 400 \times 0.74 = 296$$

$$EI = 600 \times 0.74 = 444$$

29) Dr AR 15,520
 Dr Sales discount $16000(0.03) = 480$
 Cr Sales 16 K

Dr Sales returns and allowances
 Cr AR 4K

30) sale Dr AR 500
 Cr Sales revenue 500

Dr Int receivable $500(0.04) = 20$
 Cr Int revenue 20

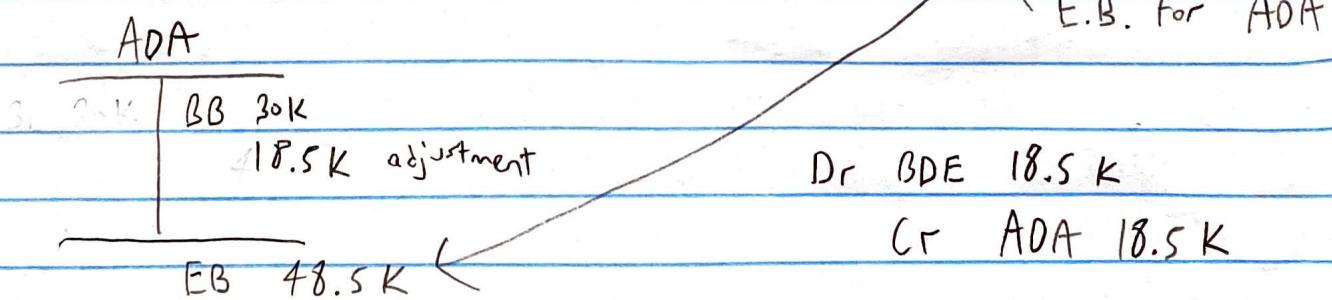
31) Dr Cash 294
 Dr Service charge exp $300(0.02) = 6$
 Cr Rev 300

32) Dr BDE (0.05) 15,000 = 750
 Cr ADA 750

Dr ADA 3000
 Cr AR 3000

33) Dr AR 7K
 Cr ADA 7K

$$400K(0.01) + 500K(0.03) + 150K(0.05) + 100K(0.12) = 48.5 K$$



34) Dr Cash 131,600
 Dr Service charge $140K(0.06) = 8400$
 Cr AR 140 K

35) Receivables turnover = $\frac{0.75(30,000,000)}{(300,000 + 250,000)/2} = \frac{22,500,000}{275,000} = 81.8$

36) $365 / 81.8 = 4.46$ days

37) $700,000 \times 0.11 \times \frac{61 \text{ days}}{365 \text{ days}} = 12,868$

Dr Int receivable 12,868

Cr Int revenue 12,868