

CH 1

$$1) A = L + SE$$

$$SE = A - L$$

$$SE = 900k - 300k = 600k$$

CH 2

2) cash common stock
+ 4,000 + 4,000

3) cash notes payable
+ 12,000 + 12,000

4) cash equipment notes payable
- 1,000 + 8,000 + 8 + 7,000

5) Dr cash 4,000
Cr Common stock 4,000

6) Dr Cash 12,000
Cr Notes payable 12,000

7) Dr Equipment 8,000
Cr Cash 1,000
Cr Notes payable 7,000

equipment

Bs. 10,000

8,000

18,000

8) cash
4,000
12,000
15,000
1,000

common stock
Bs. 7,000
4,000
4,000

notes payable
Bs. 7,000
12,000
19,000

CH 3

9) Revenue recognized Jan 3rd

10) expense recognized Jan 3rd

Jan 3 Dr AR 2000

Cr Sales Revenue 2000

Jan 3 Dr Commission Exp 500

Cr AP 500

Jan 22

Dr Cash 2000

Cr AR 2000

Jan 22

Dr AP 500

Cr Cash 500

11/ Jan 1 Dr Prepaid Rent 700
Cr Cash 700

Jan 31

Dr Rent Exp 700

Cr Prepaid rent 700

12) Jan 3

Dr AR 30

Cr Sales Rev 30

Mike

Jan 7

Dr Cash 30

Cr AR 30

Bill

Dr Car Wash Exp 30

Cr AP 30

Dr AP 30

Cr Cash 30

13/ Jan 1

Dr Equipment 98K

Cr Cash 98K

Dec 31

Dr Depr Exp

$\frac{98K}{7}$

= 14K

Cr Accum Depr = 14K

14) $98K/7 = 14K$ per year $\times 3$ years = 42K $98K - 42K = 56K$

15) WRONG, should be Dr Prepaid Salaries 50K
Cr Cash 50K

But leaving the wrong
as is, the correcting
entry is

Dr prepaid salaries 50K

Cr Salaries Exp 50K

together, at end of 1st year

Dr Salaries exp ~~100K~~ 50K

Dr Prepaid salaries 50K

Cr Cash 100K

Cr Salaries exp 50K

CH 4

Sales Rev	Service Rev	Gain
7K	3K	500

Dr Sales Rev 7K

Dr Service Rev 3K

Dr Gain 500K

Cr Income Summary 10,500

Income Summary
10,500

COGS	Ads	Supplies	Legal fees
2K	1.5K	1K	500

Dr Income Summary 5K

Cr COGS 2K

Cr Ads 1.5K

Cr Supplies 1K

Cr Legal fees 500

Income Summary
10,500
5,000
5,500

16) Dr Income Summary 5,500
Cr RE 5,500

dividends
100

Dr RE 100

Cr Dividends 100

CH 5

20) Dr Inven 500
Cr AP 500

Dr Inven 5K

Cr AP 5K

21/ XYZ Dr Freight Exp 500
Cr AP 500

Nike

NONE

22) Dr Inven 40K
Cr AP 40K

Dr AP 40K

Cr Cash 38.8

Cr Inven 1.2

Dr AP 40K

Cr Cash 40K

23) Dr AR 7k
Cr Sales Rev 7k

Dr COGS 2,500
Cr Inven 2,500

Nike

XYZ

24) Dr AP 4k
Cr Inven 4k

Dr Sales Returns and Allowances 4k
Cr AR 4k

Dr Inven 1k
Cr COGS 1k

25) $\text{markup} = \frac{120-60}{60} \times 100 = 100\%$, $\text{gross profit rate} = \frac{120-60}{120} = 50\%$

CH6 26) $500 \times 0.3 = 150$ COGS
Dr COGS 150
Cr Inv 150

$600(0.3) + 300(0.4) + 100(0.7) = 370 - 150 = 220$ EI

27) $100(0.7) + 300(0.4) + 100(0.3) = 220$ COGS
 $370 - 220 = 150$ EI

28) $600(0.3) + 300(0.4) + 100(0.7) = 370$ COGS
 $600 + 300 + 100 = 1000$ units available
 $370/1000 = 0.37$ avg cost
 $500 \times 0.37 = 185$ COGS
 $500 \times 0.37 = 185$ EI

CH8

29) Dr AR 5880
Dr Sales discount 120
Cr Sales 6k

Dr Sales returns and allowances 2k
Cr AR 2k

Sales

Interest

30) Dr AR 200
Cr 200 Sales Rev

Dr Interest Receivable 4
Cr Interest Rev 4

31/ Dr Cash 2880
 Dr Service charge exp 120
 Cr Rev 3K

22/ Dr BDE 240
 Cr ADA 240
 Dr ADA 12K
 Cr AR 12K

Dr AR 4K
 Cr ADA 4K

33/ BB 10K
 49.5K BDE exp adjustment
 EB 59.5K
 Dr BDE 49.5K
 Cr ADA 49.5K

34/ Dr Cash 76.8K
 Dr Service charge 3.2K
 Cr AR 80K

$$35/ \frac{0.8(20,000,000)}{(250,000 + 180,000)/2} = 74.42$$

$$36/ 365 / 74.42 = 4.9$$

$$37/ \text{FV } 500,067 \times 0.07 \times \frac{67}{365} = 6,425.5$$

Dr Interest Receivable 6,425.5
 Cr Interest Rev 6,425.5