23/24

1:

On December 31, 2024, Paula Cooking Services reports the following revenues and expenses.

Service revenue	$ 81,000	Rent expense	$ 11,200
Postage expense	1,800	Salaries expense	30,000
Legal fees expense	2,700	Supplies expense	17,500

In addition, the balance of common stock at the beginning of the year was $500,000, and the balance of retained earnings was $44,000. During the year, the company issued additional shares of common stock for $31,000 and paid dividends of $22,000.

Required:

1. Prepare an income statement.
2. Prepare a statement of stockholders' equity.

Income Statement | Stmt of Stockholders Equity

Prepare an Income Statement.

PAULA COOKING SERVICES		
Income Statement		
For the Year Ended December 31, 2024		
Service Revenue		$ 81,000
Expenses:		
Rent Expense	$ 11,200	
Postage Expense	1,800	
Salaries Expense	30,000	
Legal Fees Expense	2,700	
Supplies Expense	17,500	
Total Expenses		63,200
Net Income		$ 17,800

Income Statement | Stmt of Stockholders Equity

Prepare a Statement of Stockholders' Equity.

PAULA COOKING SERVICES			
Statement of Stockholders' Equity			
For the Year Ended December 31, 2024			
	Common Stock	Retained Earnings	Total Stockholders' Equity
Beginning Balance	$ 500,000	$ 44,000	$ 544,000
Issuance of Common Stock	31,000		31,000
Add: Net income		17,800	17,800
Less: Dividends		(22,000)	(22,000)
Ending Balance	$ 531,000	$ 39,800	$ 570,800

2:

Johnson's Boat Yard, Incorporated, repairs, stores, and cleans boats for customers. It is completing the accounting process for the year just ended on November 30. The transactions for the past year have been journalized and posted. The following data with respect to adjusting entries at year-end are available:

a. Johnson's winterized (cleaned and covered) three boats for customers at the end of November but did not record the service for $4,000.
b. On October 1, Johnson's paid $720 to the local newspaper for an advertisement to run every Thursday for 12 weeks. All ads have been run except for three Thursdays in December to complete the 12-week contract.
c. Johnson's borrowed $264,000 at a(n) 11 percent annual interest rate on April 1 of the current year to expand its boat storage facility. The loan requires Johnson's to pay the interest quarterly until the note is repaid in three years. Johnson's paid quarterly interest on July 1 and October 1.
d. The Sanjeev family paid Johnson's $4,080 on November 1 to store its sailboat for the winter until May 1 of the next fiscal year. Johnson's credited the full amount to Unearned Storage Revenue on November 1.
e. Johnson's used boat-lifting equipment that cost $210,000; $21,000 was the estimated depreciation for the current year.
f. Boat repair supplies on hand at the beginning of the current year totaled $16,900. Repair supplies purchased and debited to Supplies during the year amounted to $46,200. The year-end count showed $11,600 of the supplies on hand.
g. Wages of $4,200 earned by employees during November were unpaid and unrecorded at November 30. The next payroll date will be December 5 of the next fiscal year.

Prepare the adjusting entries that should be recorded for Johnson's at November 30, end of the current year.
Note: If no entry is required for a transaction/event, select "No journal entry required" in the first account field.

No	Transaction	General Journal	Debit	Credit
1	a.	Accounts receivable	4,000	
		Service revenue		4,000
2	b.	Advertising expense	540	
		Prepaid advertising		540
3	c.	Interest expense	4,840	
		Interest payable		4,840
4	d.	Unearned storage revenue	680	
		Storage revenue		680
5	e.	Depreciation expense	21,000	
		Accumulated depreciation		21,000
6	f.	Supplies expense	51,500	
		Supplies		51,500
7	g.	Wages expense	4,200	
		Wages payable		4,200

3:

Griffin Air Transport Service, Incorporated, providing air delivery service for businesses, has been in operation for three years. The following transactions occurred in February:

February 1 Paid $280 for rent of hangar space in February.
February 2 Purchased fuel costing $470 on account for the next flight to Dallas.
February 4 Received customer payment of $750 to ship several items to Philadelphia next month.
February 7 Flew cargo from Denver to Dallas; the customer paid $840 for the air transport.
February 10 Paid $195 for an advertisement in the local paper to run on February 19.
February 14 Paid pilot $2,800 in wages for flying in January (recorded as expense in January).
February 18 Flew cargo for two customers from Dallas to Albuquerque for $4,500; one customer paid $1,200 cash and the other asked to be billed.
February 25 Purchased on account $2,570 for a supply of spare parts for the planes.
February 27 Declared a $260 cash dividend to be paid in March.

Required:
Prepare journal entries for each transaction.
Note: If no entry is required for a transaction/event, select "No journal entry required" in the first account field.

No	Date	General Journal	Debit	Credit
1	February 01	Rent expense	280	
		Cash		280
2	February 02	Fuel expense	470	
		Accounts payable		470
3	February 04	Cash	750	
		Unearned revenue		750
4	February 07	Cash	840	
		Transport revenue		840
5	February 10	Advertising expense	195	
		Cash		195
6	February 14	Wages payable	2,800	
		Cash		2,800
7	February 18	Cash	1,200	
		Accounts receivable	3,300	
		Transport revenue		4,500
8	February 25	Parts supplies	2,570	
		Accounts payable		2,570
9	February 27	Retained earnings	260	
		Dividends payable		260

4:

Bennett Griffin and Chula Garza organized Cole Valley Book Store as a corporation; each contributed $72,000 cash to start the business and received 5,800 shares of common stock. The store completed its first year of operations on December 31, current year. On that date, the following financial items for the year were determined: December 31, current year, cash on hand and in the bank, $68,950; December 31, current year, amounts due from customers from sales of books, $40,000; unused portion of store and office equipment, $78,500; December 31, current year, amounts owed to publishers for books purchased, $12,900; one-year note payable to a local bank for $3,500. No dividends were declared or paid to the stockholders during the year.

Required:

1. Complete the following balance sheet as of the end of the current year. Some information has been given below.
2. What was the amount of net income for the year? (*Hint:* Use the retained earnings equation [Beginning Retained Earnings + Net Income − Dividends = Ending Retained Earnings] to solve for net income.)

Complete this question by entering your answers in the tabs below.

Required 1 | Required 2

Complete the following balance sheet as of the end of the current year. Some information has been given below.

COLE VALLEY BOOK STORE				
Balance Sheet				
At December 31, Current Year				
Assets		Liabilities		
Cash	$ 68,950	Accounts payable	$	12,900
Accounts receivable	40,000	Note payable		3,500
Store and office equipment	78,500	Interest payable		130
		Total liabilities	$	16,530
		Stockholders' Equity		
		Common stock	$	144,000
		Retained earnings		26,920
		Total stockholders' equity	$	170,920
Total assets	$ 187,450	Total liabilities and stockholders' equity	$	187,450

Bennett Griffin and Chula Garza organized Cole Valley Book Store as a corporation; each contributed $72,000 cash to start the business and received 5,800 shares of common stock. The store completed its first year of operations on December 31, current year. On that date, the following financial items for the year were determined: December 31, current year, cash on hand and in the bank, $68,950; December 31, current year, amounts due from customers from sales of books, $40,000; unused portion of store and office equipment, $78,500; December 31, current year, amounts owed to publishers for books purchased, $12,900; one-year note payable to a local bank for $3,500. No dividends were declared or paid to the stockholders during the year.

Required:

1. Complete the following balance sheet as of the end of the current year. Some information has been given below.
2. What was the amount of net income for the year? (*Hint:* Use the retained earnings equation [Beginning Retained Earnings + Net Income − Dividends = Ending Retained Earnings] to solve for net income.)

Complete this question by entering your answers in the tabs below.

Required 1 | Required 2

What was the amount of net income for the year? (*Hint:* Use the retained earnings equation [Beginning Retained Earnings + Net Income − Dividends = Ending Retained Earnings] to solve for net income.)

Amount of net income	$ 26,920

5:

Stacey's Piano Rebuilding Company has been operating for one year. At the start of the second year, its income statement accounts had zero balances and its balance sheet account balances were as follows:

Cash	$ 6,600	Accounts payable	$ 9,300
Accounts receivable	30,700	Unearned revenue	3,140
Supplies	1,450	Long-term note payable	47,400
Equipment	9,800	Common stock	1,680
Land	7,500	Additional paid-in capital	6,720
Building	26,600	Retained earnings	14,410

a. Rebuilt and delivered five pianos in January to customers who paid $18,800 in cash.
b. Received a $580 deposit from a customer who wanted her piano rebuilt.
c. Rented a part of the building to a bicycle repair shop; received $840 for rent in January.
d. Received $7,600 from customers as payment on their accounts.
e. Received an electric and gas utility bill for $470 to be paid in February.
f. Ordered $950 in supplies.
g. Paid $1,540 on account in January.
h. Received from the home of Stacey Eddy, the major shareholder, a $940 tool (equipment) to use in the business in exchange for 120 shares of $1 par value stock.
i. Paid $14,700 in wages to employees who worked in January.
j. Declared and paid a $2,000 dividend (reduce Retained Earnings and Cash).
k. Received and paid cash for the supplies in *(f)*.
l. Paid $300 in interest expense on the long-term note payable.

Required:
1 and 2. Enter the following transactions for January of the second year into the T-accounts, using the letter of each transaction as the reference:
3. Using the data from the T-accounts, amounts for the following at the end of January of the second year, were:

Cash

Debit		Credit	
Beginning Balance	6,600		
(a)	18,800	1,540	(g)
(b)	580	14,700	(i)
(c)	840	2,000	(j)
(d)	7,600	950	(k)
		300	(l)
Ending Balance	14,930		

Accounts Receivable

Debit		Credit	
Beginning Balance	30,700		
		7,600	(d)
Ending Balance	23,100		

Supplies

Debit		Credit	
Beginning Balance	1,450		
(k)	950		
Ending Balance	2,400		

Equipment

Debit		Credit	
Beginning Balance	9,800		
(h)	940		
Ending Balance	10,740		

Land

Debit		Credit	
Beginning Balance	7,500		
Ending Balance	7,500		

Building

Debit		Credit	
Beginning Balance	26,600		
Ending Balance	26,600		

Accounts Payable

Debit		Credit	
Beginning Balance		9,300	
(g)	1,540	470	(e)
Ending Balance		8,230	

Unearned Revenue

Debit		Credit	
Beginning Balance		3,140	
		580	(b)
Ending Balance		3,720	

Long-term Note Payable			
Debit		Credit	
Beginning Balance		47,400	
Ending Balance		47,400	

Common Stock			
Debit		Credit	
Beginning Balance		1,680	
		120	(h)
Ending Balance		1,800	

Additional Paid-in Capital			
Debit		Credit	
Beginning Balance		6,720	
		820	(h)
Ending Balance		7,540	

Retained Earnings			
Debit		Credit	
Beginning Balance		14,410	
(j)	2,000		
Ending Balance		12,410	

Rebuilding Fees Revenue			
Debit		Credit	
Beginning Balance			
		18,800	(a)
Ending Balance		18,800	

Rent Revenue			
Debit		Credit	
Beginning Balance			
		840	(c)
Ending Balance		840	

Wages Expense			
Debit		Credit	
Beginning Balance			
(i)	14,700		
Ending Balance	14,700		

Utilities Expense			
Debit		Credit	
Beginning Balance			
(e)	470		
Ending Balance	470		

Interest Expense			
Debit		Credit	
Beginning Balance			
(l)	300		
Ending Balance	300		

Required 1 and 2 | Required 3

Using the data from the T-accounts, amounts for the following at the end of January of the second year, w

Revenues	$ 19,640	–	Expenses	$ 15,470	=	Net income		$ 4,170
Assets	$ 85,270	=	Liabilities	$ 59,350	+	Stockholder's equity		$ 25,920