



a) Journalize the adjusting entries on May 31.

① May 31 | Insurance Expense 200
 Prepaid Insurance 200

② May 31 | Supplies Expense 1330
 Supplies 1330

③ May 31 | Depreciation Expense 375
 Accu. Dep. Building 250 + 125
 Accu. Dep. Equipment 250
 125

④ Interest for month = $12\% \times 40,000 \times \frac{1}{12} = 400$

May 31 | Interest Expense 400
 Interest Payable 400

⑤ May 31 | Unearned Rent Revenue 2200
 Rent Revenue 2200

⑥ May 31 | Salaries Expense 750
 Salaries Payable 750



(b) Prepare a ledger using T-account form
of account.

Cash	debit	Credit
	3500	

supplies	2000	1330 Adj.
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Prepaid Insurance	2400	200 Adj.
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Land	12000	
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Buildings	60000	
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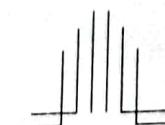
Acc. Dep Buildings		250 Adj.
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Equipments	15000	
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Acc. Dep Equipments		125 Adj
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	Deposit	Deposit	Credit
Accounts Payable			4800
Unearned Rent Revenue			3900
Rent Revenue		10,300 2200 Adj.	
Mortgage Payable			40000
Interest Payable			400 adj.
Owner's Capital			41,380
Advertising Expense	600		
Salaries & Wages Exp.	4050 3300 750 Adj.		7320 Adj.
Utilities Exp.	900		



	debit	credit
Depreciation EXP.	375 Adj.	
Supplies EXP.	1330 Blj.	
Interest EXP.	400 ^{Adj.}	
Insurance EXP.	200 Adj.)	

(C) Prepare an adjusted trial balance
on May 31.

Mac's Motel
Adjusted Trial Balance
May 31 2017

	Debit	Credit
Cash	3500	
Supplies	750	
Prepaid Insurance	2200	
Land	12,000	
Buildings	60,000	
Accu. Dep. Buildings		250
Equipment	15,000	
Accu. Dep. Buildings		125
Accounts Payable		4800
Unearned Rent Revenue		1100
Salaries & Wages Payable		750
Interest Payable		400
Mortgage Payable		40000
Owner's Capital		41,380
Rent Revenue		12,500



	<u>Deposit</u>	<u>Credit</u>
Advertising EXP.	600	
Depreciation EXP.	375	
Supplies EXP.	1330	
Interest EXP.	400	
Insurance EXP.	200	
Salaries & Wages EXP.	4050	
Utilities EXP.	900	
	<hr/> 101,305	<hr/> 101,305



(d) prepare an Income statement and owner's equity statement for the month of May and balance sheet at May 31.

Mac's Motel
Income Statement
May 31, 2011

Revenue

Rent revenue 12,500

Expenses

Salaries & wages EXP. 4050

Supplies EXP. 1330

Utilities EXP. 900

Advertising EXP. 600

Interest EXP. 400

Depreciation EXP. 375

Insurance EXP. 200

Total EXP

7855

4645

Net income



Mac's Motel
Owner's Equity
May 31 2017

Owner's Capital May 1	41,880
Add 8 ret income	4,645
Owner's Capital May 31	46,025



Mac's Motel

Balance Sheet

May 31, 2017

Assets

Cash	3800
Supplies	780
Prepaid insurance	220
Land	1200
Buildings	60,000
Less: Acc. dep. buildings	250
Equipment	15,000
Less: Acc. dep equipment	125
Total assets	93,075

Liabilities & Owner's Equity

Liabilities

Accounts Payable	4800
Unearned Rent Revenue	1100
Salaries & Wages Payable	750
Interest Payable	400
Mortgage Payable	467,000

Total Liabilities 47,050



Owner's Equity
Owner's Capital

46,025

Total Liabilities + Owner's Equity 93,075