Pretiem 4-1A Preparing a work sheet (L.O. 1) 4 AM

The trial balance of Agape Counseling Center at May 31, 19X2, follows:

Agape Counseling Center Trial Balance May 31, 19X2

	A COLUMN TO STATE OF THE STATE	The State of the S
Cash Notes receivable Interest receivable	\$ 1,670 10,340	
Supplies	1,790	
Accumulated depreciation—furniture Building Accumulated depreciation—building	55,900	\$ 1,480 33,560
Accounts payable	13,700	14,730
Interest payable Salary payable Unearned service revenue		6,800
Note payable, long-term	3,800	18,700 34,290
Service revenue Interest revenue Depreciation expense—furniture		9,970
Depreciation expense—building Salary expense	2,170	
Interest expense	. 490 . 640	
Advertising expense	1,060	5119,530



a. Accound salary expense, \$600.

Supplies on hand, \$410.Prepaid insurance expired during May, \$390.

d. Accrued interest expense, \$220.

e. Unearned service revenue earned during May, \$4,400.

f. Accrued advertising expense, \$60 (credit Accounts Payable).

g. Accrued interest revenue, \$170.

h. Depreciation: furniture, \$380; building, \$160.

Required

Complete Agape's work sheet for May.

JAM Problem 4.2A

Problem 4-2A Preparing linancial statements from an adjusted trial balance; journalizing the adjusting and closing entries (L.O. 3, 6)



The adjusted trial balance of Lopez Tailoring Service at April 30, 19X2, the end of the company's fiscal year, follows:

Lopez Tailoring Service Adjusted Trial Balance April 30, 19X2

Cash	. \$ 2,370	
Accounts receivable	25 710	
Supplies	3 600	
repaid insurance	2 290	
Equipment	63 030	
Accumulated depreciation-equipment.		\$ 28,430
Building	74 220	4 20,100
Accumulated depreciation—building		18,260
Accounts payable		19,550
interest payable		2,280
Wage payable		830
Unearned service revenue		3,660
Note payable, long-term		69,900
Maria Lopez, capital		46,200
Maria Lopez, withdrawals	47,500	10,210
Service revenue	47,500	99,550
Depreciation expense—equipment	6,700	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Depreciation expense—building		
Wage expense	3,210	
Insurance expense	29,800	
Interest expense	5,370	
Interest expense	8,170	
Utilities expense	5,670	
Property tax expense	3,010	
Supplies expense	6,880	£258 (60)
Total	\$288,660	2200,000

Adjusting data at April 30, 19X2, which have all been incorporated into the trial balance figures above:

a. Supplies used during the year, \$6,880.

b. Prepaid insurance expired during the year, \$5,370.

c. Accrued interest expense, \$2,280.

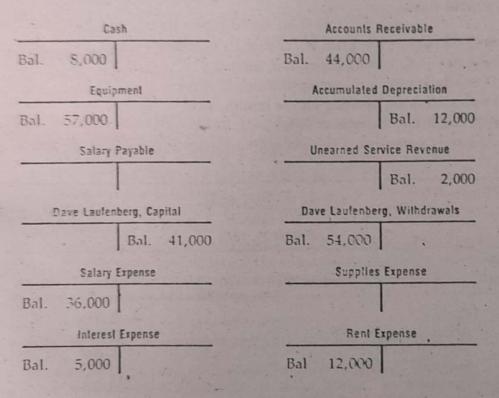
- d. Accrued service revenue, \$2,200.
- c. Depreciation for the year: equipment, \$6,700; building, \$3,210.
- 1. Accrued wage expense, \$830.
- g. Unearned service revenue earned during the year, \$5,180.

Required

- 1. Journalize the adjusting and closing entries.
- 2. Prepare Lopez's income statement and statement of owner's equity for the year ended April 30, 19X2, and the classified balance sheet on that date. Use the account format for the balance sheet.
- 3. Compute Lopez's current ratio and debt ratio at April 30, 19X2. One year ago the current ratio stood at 1.21, and the debt ratio was .82. Did Lopez's ability to pay debts improve or deteriorate during 19X2?

Brothem 4-3A Taking the accounting cycle through the closing entries (L.O. 3, 4) 4 A M

The unadjusted T-accounts of Dave Laufenberg, M.D., at December 31, 1932, and the related year-end adjustment data follow:



Supp	
Bal. 6,000	
Accounts	esyable
	Bal. 4,000
Note Payable	Long-Term
	Bal. 40,000
Service :	Exenue
	Bal. 133,000
Depreciatio	Expense
Insurance	Expense 1
Bal. 10,000	

Adjustment data at December 31, 19X2, include:

- a. Supplies on hand, \$2,000.
- b. Depreciation for the year, \$6,000.
- c. Accrued salary expense, \$3,000.
- d. Accrued service revenue, \$4,000.
- e. Unearned service revenue earned during the year, \$2,000.

Required

- Write the trial balance on a work sheet and complete the work sheet. Key
 each adjusting entry by the letter corresponding to the data given.
- 2. Prepare the income statement, the statement of owner's equity, and the classified balance sheet in account format.
- 3. Journalize the adjusting and closing entries.

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- The accountant failed to make the following adjusting entries at February 28:
 - (1) Accrued service revenue, \$700
 - (2) Insurance expense, \$460
 - (3) Accrued interest expense on a note payable, \$520
 - (4) Depreciation of equipment, \$3,300
 - (5) Earned service revenue that had been collected in advance, \$2,700 Compute the overall net income effect of these omissions.
- Record each of the adjusting entries identified in item 1.
- The revenue and expense accounts after the adjusting entries had been posted were Service Revenue, \$93,330; Wage Expense, \$29,340; Depreciation Expense, \$6,180; Interest Expense, \$4,590; Utilities Expense, \$1,620; and Insurance Expense, \$740. Two balances prior to closing were Eva Polanski, Capital, \$75,150; and Eva Polanski, Drawing, \$48,000. Journalize the closing entries.

(Group B)

Problem 4-1B Preparing a work sheet (L.O. 1)

The trial balance of Ross Family Painting Contractors at July 31, 19X3 appears below.

		Ross Family Painting Contract Trial Balance July 31, 19X3								to	210						
Cash	s rec		ole .													1	



July 31, 19X3		
Cash	\$ 4,200	
Accounts receivable	37,820	
Supplies	17,660	
Prepaid insurance	2,300	
Equipment	32,690	
Accumulated depreciation—equipment.		\$ 26,240
Building	36,890	
Building	00,000	10,500
Land	28,300	,
Accounts payable		22,690
Interest payable		
Wage payable		
Unearned service revenue		10,560
Note payable, long-term		22,400
Peter Ross, capital		62,130
Peter Ross, withdrawals	4,200	
Service revenue		17,190
Depreciation expense—equipment		
Depreciation expense—building		
Wage expense	6,200	
Insurance expense		
Interest expense		
Utilities expense	270	
Property tax expense	840	
Advertising expense	3.10	
Supplies expense		
Total	\$171,710	\$171,710

Additional data at July 31, 19x3:

- A Accreed wage expense, \$440
- b. Supplies on hand, \$14,740.
- c. Prepaid insurance expired during July, \$500.
- d. Accrued interest expense, \$180.
- e. Unearned service revenue earned during July, \$4,770.
- f. Accrued advertising expense, \$100 (credit Accounts Payable).
- g. Accrued service revenue, \$1,100.
- h. Depreciation: equipment, \$430; building, \$270.

Required

Complete Ross's work sheet for July.

Problem 4-28 Preparing financial statements from an adjusted trial balance; journalizing the adjusting and closing entries (L.O. 3, 6)

[a]

The adjusted trial balance of Federal Security Couriers at June 30, 19X1, the end of the company's fiscal year, follows:

Federal Security Couriers Adjusted Trial Balance June 30, 19X1

Cash	\$ 18,350	
Accounts receivable		
Supplies	. 1,290	
Prepaid insurance	1,700	
Equipment		
Accumulated depreciation—equipment		\$ 16,480
Building		10 25 20
Accumulated depreciation—building		16,850
Accounts payable		36,900
Interest payable		1,490
Wage payable		770
Uncarned service revenue		-2,300
Note payable, long-term		97,000
Ramon DeSoto, capital		67,390
Ramon DeSoto, withdrawals	45,300	
Service revenue		108,360
Depreciation expense—equipment	6,300	
Depreciation expense—building	3,470	
Wage expense	18,800	
Insurance expense	3,100	
Interest expense	11,510	
Utilities expense	4,300	
Property tax expense		
Supplies expense	3,580	
Total	\$347,540	\$347.540
	3347,540	2 10 Vo 10

Adjusting data at June 30, 19X1, which have all been incorporated into the trial batance figures above:

- a. Supplies used during the year, \$3,580.
- b. Prepaid insurance expired during the year, \$3,100.
- c. Accrued interest expense, \$680.
- d. Accrued service revenue, \$940.
- e. Depreciation for the year: equipment, \$6,300, building, \$3,470.

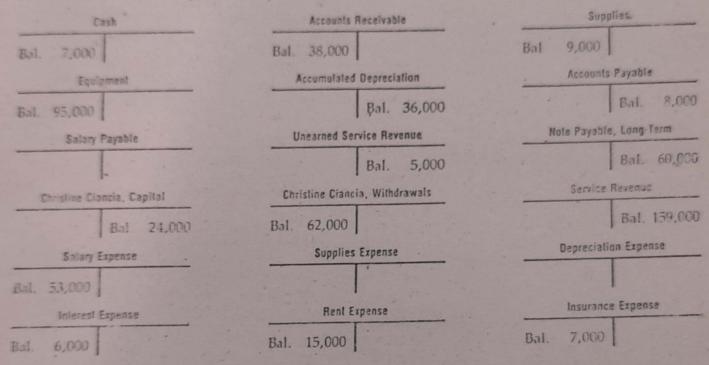
- Accrued wage expense, \$770.
- e. Uncarned service revenue earned during the year, \$6,790.

Required

- 1. Journalize the adjusting and closing entries
- Prepare Federal's income statement and statement of owner's equity for the year ended June 30, 19XI, and the classified balance sheet on that date.
 Use the account format for the balance sheet.
- 3. Compute Federal's current ratio and debt ratio at June 30, 19X1. One year ago the current ratio stood at 1.01, and the debt ratio was .71. Did Federal's ability to pay debts improve or deteriorate during 19X1?

Problem 4-3B Taking the accounting cycle through the closing entries (L.O. 3, 4)

The unadjusted T-accounts of Christine Ciancia, Psychologist, at December 31, 1982, and the related year-end adjustment data follow:



Adjustment data at December 31, 19X2, include:

- a. Supplies on hand, \$1,000.
- b. Depreciation for the year, \$9,000.
- c. Accrued salary expense, \$2,000.
- d. Accrued service revenue, \$1,000
- e. Uncarned service revenue earned during the year, \$5,000.

Required

- Write the trial balance on a work sheet, and complete the work sheet. Key each adjusting entry by the letter corresponding to the data given.
- 2. Prepare the income statement, the statement of owner's equity, and the classified balance sheet in account format.
- 3. Journalize the adjusting and closing entries.

Problem 4-4B Completing the accounting cycle (1.0. 3, 4)

This problem should be used only in conjunction with Problem 4-3B. It completes the accounting cycle by posting to T-accounts and preparing the post-closing trial balance.

no