1.

award:

10 out of 10.00 points

Classify the following adjusting entries as involving prepaid expenses, unearned revenues, accrued expenses, or accrued revenues.

a.	To record expiration of prepaid insurance.	Prepaid expenses
b.	To record revenue earned but not yet billed (nor recorded).	Accrued revenues
c.	To record wages expense incurred but not yet paid (nor recorded).	Accrued expenses
d.	To record annual depreciation expense.	Prepaid expenses
e.	To record revenue earned that was previously received as cash in advance.	Unearned revenues

2\.

award:
10 out of 10.00 points

a. On July 1, 2013, Lamis Company paid $1,200 for six months of insurance coverage. No adjustments have been made to the Prepaid Insurance account, and it is now December 31, 2013. Prepare the journal entry to reflect expiration of the insurance as of December 31, 2013.

Event	General Journal	Debit	Credit
a.	Insurance expense	1,200	
	Prepaid insurance		1,200

b. Shandi Company has a Supplies account balance of $5,000 on January 1, 2013. During 2013, it purchased $2,000 of supplies. As of December 31, 2013, a supplies inventory shows $800 of supplies available. Prepare the adjusting journal entry to correctly report the balance of the Supplies account and the Supplies Expense account as of December 31, 2013.

Event	General Journal	Debit	Credit
b.	Supplies expense	6,200	
	Supplies		6,200

3. award: **10 out of 10.00 points**

a. Bargains Company purchases $20,000 of equipment on January 1, 2013. The equipment is expected to last five years and be worth $2,000 at the end of that time. Prepare the entry to record one year's depreciation expense of $3,600 for the equipment as of December 31, 2013. **(If no entry is required for a particular transaction, select "No journal entry required" in the first account field.)**

Event	General Journal	Debit	Credit
a.	Depreciation expense—Equipment ✔	3,600 ✔	
	Accumulated depreciation—Equipment ✔		3,600 ✔

b. Welch Company purchases $10,000 of land on January 1, 2013. The land is expected to last indefinitely. What depreciation adjustment, if any, should be made with respect to the Land account as of December 31, 2013? **(If no entry is required for a particular transaction, select "No journal entry required" in the first account field.)**

Event	General Journal	Debit	Credit
b.	No journal entry required ✔		

4.

award:
10 out of 10.00 points

a. Tao Co. receives $10,000 cash in advance for 4 months of legal services on October 1, 2013, and records it by debiting Cash and crediting Unearned Revenue both for $10,000. It is now December 31, 2013, and Tao has provided legal services as planned. What adjusting entry should Tao make to account for the work performed from October 1 through December 31, 2013?

Event	General Journal	Debit	Credit
a.	Unearned revenue ✓	7,500 ✓	
	Legal revenue ✓		7,500 ✓

b. A. Caden started a new publication called Contest News. Its subscribers pay $24 to receive 12 issues. With every new subscriber, Caden debits Cash and credits Unearned Subscription Revenue for the amounts received. The company has 100 new subscribers as of July 1, 2013. It sends Contest News to each of these subscribers every month from July through December. Assuming no changes in subscribers, prepare the journal entry that Caden must make as of December 31, 2013, to adjust the Subscription Revenue account and the Unearned Subscription Revenue account.

Event	General Journal	Debit	Credit
b.	Unearned subscription revenue ✓	1,200 ✓	
	Subscription revenue ✓		1,200 ✓

5.

award:
10 out of 10.00 points

Jasmine Culpepper employs one college student every summer in her coffee shop. The student works the five weekdays and is paid on the following Monday. (For example, a student who works Monday through Friday, June 1 through June 5, is paid for that work on Monday, June 8.) Culpepper adjusts her books monthly, if needed, to show salaries earned but unpaid at month-end. The student works the last week of July — Friday is August 1. If the student earns $100 per day, what adjusting entry must Culpepper make on July 31 to correctly record accrued salaries expense for July?

Event	General Journal	Debit	Credit
1	Salaries expense	400	
	Salaries payable		400

6. award:
10 out of 10.00 points

Adjusting entries affect at least one balance sheet account and at least one income statement account. For the following entries, identify the account to be debited and the account to be credited. Indicate which of the accounts is the income statement account and which is the balance sheet account. Assume the company records all prepayments using balance sheet accounts.

a. Entry to record revenue earned that was previously received as cash in advance.

Accounts	Account Title	Financial Statement
Account to be debited	Unearned revenue ✓	Balance sheet ✓
Account to be credited	Revenue earned ✓	Income statement ✓

b. Entry to record wage expenses incurred but not yet paid (nor recorded).

Accounts	Account Title	Financial Statement
Account to be debited	Wages expense ✓	Income statement ✓
Account to be credited	Wages payable ✓	Balance sheet ✓

c. Entry to record revenue earned but not yet billed (nor recorded).

Accounts	Account Title	Financial Statement
Account to be debited	Accounts receivable ✓	Balance sheet ✓
Account to be credited	Revenue earned ✓	Income statement ✓

d. Entry to record expiration of prepaid insurance.

Accounts	Account Title	Financial Statement
Account to be debited	Insurance expense ✓	Income statement ✓
Account to be credited	Prepaid insurance ✓	Balance sheet ✓

e. Entry to record annual depreciation expense.

Accounts	Account Title	Financial Statement
Account to be debited	Depreciation expense ✓	Income statement ✓
Account to be credited	Accumulated depreciation ✓	Balance sheet ✓

7.

award:

10 out of 10.00 points

In its first year of operations, Roma Co. earned $45,000 in revenues and received $37,000 cash from these customers. The company incurred expenses of $25,500 but had not paid $5,250 of them at year-end. The company also prepaid $6,750 cash for expenses that would be incurred the next year. Calculate the first year's net income under both the cash basis and the accrual basis of accounting.

	Cash Basis	Accrual Basis
Revenues	$ 37,000 ✔	$ 45,000 ✔
Expenses	27,000 ✔	25,500 ✔
Net income	$ 10,000 ✔	$ 19,500 ✔

8. award: **10 out of 10.00 points**

The following information is taken from Brooke Company's unadjusted and adjusted trial balances.

	Unadjusted		Adjusted	
	Debit	Credit	Debit	Credit
Prepaid insurance	$ 4,100		$ 3,700	
Interest payable		$ 0		$ 800

Given this information, which of the following is likely included among its adjusting entries?

- A $400 credit to prepaid insurance and an $800 debit to interest payable.
- A $400 debit to insurance expense and an $800 debit to interest payable.
- A $400 debit to insurance expense and an $800 debit to interest expense.

9. award:
10 out of 10.00 points

In making adjusting entries at the end of its accounting period, Chao Consulting failed to record $3,200 of insurance coverage that had expired. This $3,200 cost had been initially debited to the Prepaid Insurance account. The company also failed to record accrued salaries expense of $2,000. As a result of these two oversights, the financial statements for the reporting period will

- ○ Understate net income by $2,000.
- ○ Understate assets by $3,200.
- ○ Overstate liabilities by $2,000.
- ◉ Understate expenses by $5,200.

✔

10. award:

10 out of 10.00 points

During the year, Sereno Co. recorded prepayments of expenses in asset accounts, and cash receipts of unearned revenues in liability accounts. At the end of its annual accounting period, the company must make three adjusting entries: (1) accrue salaries expense, (2) adjust the Unearned Services Revenue account to recognize earned revenue, and (3) record services revenue earned for which cash will be received the following period. For each of these adjusting entries (1), (2), and (3), indicate the account to be debited and the account to be credited.

Adjusting entries:

1. Accrue salaries expense.

Debit	Salaries expense ✓
Credit	Salaries payable ✓

2. Adjust the Unearned Services Revenue account to recognize earned revenue.

Debit	Unearned service revenue ✓
Credit	Service revenue ✓

3. Record services revenue earned for which cash will be received the following period.

Debit	Accounts receivable ✓
Credit	Service revenue ✓

11. award:
10 out of 10.00 points

Deklin Company reported net income of $48,152 and net sales of $425,000 for the current year. Calculate the company's profit margin and interpret the result. Assume that its competitors earn an average profit margin of 15%.

Profit margin				
Choose Numerator:	**/**	**Choose Denominator:**	**=**	**Profit margin**
Net income	/	Net sales	=	Profit margin
$ 48,152	/	$ 425,000	=	11.3%

12. award: **10 out of 10.00 points**

Calvin Consulting initially records prepaid and unearned items in income statement accounts. Given this company's accounting practices, which of the following applies to the preparation of adjusting entries at the end of its first accounting period?

- Earned but unbilled (and unrecorded) consulting fees are recorded with a debit to Unearned Consulting Fees and a credit to Consulting Fees Earned.
- The cost of unused office supplies is recorded with a debit to Supplies Expense and a credit to Office Supplies.
- Unearned fees (on which cash was received in advance earlier in the period) are recorded with a debit to Consulting Fees Earned and a credit to Unearned Consulting Fees.
- Unpaid salaries are recorded with a debit to Prepaid Salaries and a credit to Salaries Expense.

13. award:
10 out of 10.00 points

Answer each of the following questions related to international accounting standards.

a. Do financial statements prepared under IFRS normally present assets from least liquid to most liquid or vice-versa?

- (●) Least liquid to most liquid
- ( ) Most liquid to least liquid

b. Do financial statements prepared under IFRS normally present liabilities from furthest from maturity to nearest to maturity or vice-versa?

- (●) Furthest from maturity to nearest to maturity
- ( ) Nearest to maturity to furthest from maturity

14. award:
10 out of 10.00 points

a. One-third of the work related to $15,000 cash received in advance is performed this period.
b. Wages of $11,000 are earned by workers but not paid as of December 31, 2013.
c. Depreciation on the company's equipment for 2013 is $11,200.
d. The Office Supplies account had a $410 debit balance on December 31, 2012. During 2013, $5,223 of office supplies are purchased. A physical count of supplies at December 31, 2013, shows $572 of supplies available.
e. The Prepaid Insurance account had a $5,000 balance on December 31, 2012. An analysis of insurance policies shows that $2,000 of unexpired insurance benefits remain at December 31, 2013.
f. The company has earned (but not recorded) $1,000 of interest from investments in CDs for the year ended December 31, 2013. The interest revenue will be received on January 10, 2014.
g. The company has a bank loan and has incurred (but not recorded) interest expense of $3,500 for the year ended December 31, 2013. The company must pay the interest on January 2, 2014.

For each of the above separate cases, prepare adjusting entries required of financial statements for the year ended (date of) December 31, 2013. (Assume that prepaid expenses are initially recorded in asset accounts and that fees collected in advance of work are initially recorded as liabilities.)

Transaction	General Journal	Debit	Credit
a.	Unearned fee revenue ✔	5,000 ✔	
	Fee revenue ✔		5,000 ✔
b.	Wages expense ✔	11,000 ✔	
	Wages payable ✔		11,000 ✔
c.	Depreciation expense—Equipment ✔	11,200 ✔	
	Accumulated depreciation—Equipment ✔		11,200 ✔
d.	Office supplies expense ✔	5,061 ✔	
	Office supplies ✔		5,061 ✔
e.	Insurance expense ✔	3,000 ✔	
	Prepaid insurance ✔		3,000 ✔
f.	Interest receivable ✔	1,000 ✔	
	Interest revenue ✔		1,000 ✔
g.	Interest expense ✔	3,500 ✔	
	Interest payable ✔		3,500 ✔

15. award: 10 out of 10.00 points

a. Depreciation on the company's equipment for 2013 is computed to be $17,000.
b. The Prepaid Insurance account had a $9,000 debit balance at December 31, 2013, before adjusting for the costs of any expired coverage. An analysis of the company's insurance policies showed that $1,090 of unexpired insurance coverage remains.
c. The Office Supplies account had a $210 debit balance on December 31, 2012; and $2,680 of office supplies were purchased during the year. The December 31, 2013, physical count showed $248 of supplies available.
d. Three-fourths of the work related to $13,000 of cash received in advance was performed this period.
e. The Prepaid Insurance account had a $5,700 debit balance at December 31, 2013, before adjusting for the costs of any expired coverage. An analysis of insurance policies showed that $4,610 of coverage had expired.
f. Wage expenses of $6,000 have been incurred but are not paid as of December 31, 2013.

Prepare adjusting journal entries for the year ended (date of) December 31, 2013, for each of these separate situations. Assume that prepaid expenses are initially recorded in asset accounts. Also assume that fees collected in advance of work are initially recorded as liabilities.

Transaction	General Journal	Debit	Credit
a.	Depreciation expense—Equipment	17,000	
	Accumulated depreciation—Equipment		17,000
b.	Insurance expense	7,910	
	Prepaid insurance		7,910
c.	Office supplies expense	2,642	
	Office supplies		2,642
d.	Unearned fee revenue	9,750	
	Fee revenue		9,750
e.	Insurance expense	4,610	
	Prepaid insurance		4,610
f.	Wages expense	6,000	
	Wages payable		6,000

16. award: **10 out of 10.00 points**

- **a.** On April 1, the company retained an attorney for a flat monthly fee of $1,500. Payment for April legal services was made by the company on May 12.
- **b.** A $780,000 note payable requires 9.4% annual interest, or $6,110 to be paid at the 20th day of each month. The interest was last paid on April 20 and the next payment is due on May 20. As of April 30, $2,037 of interest expense has accrued.
- **c.** Total weekly salaries expense for all employees is $9,000. This amount is paid at the end of the day on Friday of each five-day workweek. April 30 falls on Tuesday of this year, which means that the employees had worked two days since the last payday. The next payday is May 3.

The above three separate situations require adjusting journal entries to prepare financial statements as of April 30. For each situation, present both the April 30 adjusting entry and the subsequent entry during May to record the payment of the accrued expenses. **(Use 360 days a year. Do not round intermediate calculations and round your final answers to the nearest dollar amount.)**

Date	General Journal	Debit	Credit
Apr.30	Legal fees expense ✔	1,500 ✔	
	Legal fees payable ✔		1,500 ✔
May 12	Legal fees payable ✔	1,500 ✔	
	Cash ✔		1,500 ✔
Apr 30	Interest expense ✔	2,037 ✔	
	Interest payable ✔		2,037 ✔
May 20	Interest expense ✔	4,073 ✔	
	Interest payable ✔	2,037 ✔	
	Cash ✔		6,110 ✔
Apr 30	Salaries expense ✔	3,600 ✔	
	Salaries payable ✔		3,600 ✔
May 03	Salaries payable ✔	3,600 ✔	
	Salaries expense ✔	5,400 ✔	
	Cash ✔		9,000 ✔

17. award:
10 out of 10.00 points

Determine the missing amounts in each of these four separate situations *a* through *d*.

	a	b	c	d
Supplies available—prior year-end	$ 200	$ 1,060	$ 901	$ 1,375
Supplies purchased during the current year	1,400	3,604	6,104	4,204
Total supplies available	1,600	4,664	7,005	5,579
Supplies available—current year-end	650	3,904	1,381	800
Supplies expense for current year	950	760	5,624	4,779

18. award: **10 out of 10.00 points**

On November 1, 2011, a company paid a $21,600 premium on a 36-month insurance policy for coverage beginning on that date. Refer to that policy and fill in the blanks in the following table.

Balance Sheet			Income Statement		
Prepaid Insurance			Insurance Expense		
	Accrual Basis	Cash Basis		Accrual Basis	Cash Basis
Dec. 31, 2011	$ 20,400	$ 0	2011	$ 1,200	$ 21,600
Dec. 31, 2012	13,200	0	2012	7,200	0
Dec. 31, 2013	6,000	0	2013	7,200	0
Dec. 31, 2014	0	0	2014	6,000	0
			Total	$ 21,600	$ 21,600

19. award: **10 out of 10.00 points**

Use the following information to compute profit margin for each separate company *a* through *e*. **(Round your answers to 1 decimal place.)**

	Net Income	Net Sales	Profit Margin(%)
a.	$ 6,306	$ 53,440	11.8%
b.	103,684	475,616	21.8%
c.	109,050	304,608	35.8%
d.	74,682	1,736,800	4.3%
e.	87,604	518,368	16.9%

Which of the five companies is the most profitable according to the profit margin ratio?

- Company a
- Company b
- Company c
- Company d
- Company e

20. award: **9.44 out of 10.00 points**

Arnez Co. follows the practice of recording prepaid expenses and unearned revenues in balance sheet accounts. The company's annual accounting period ends on December 31, 2013. The following information concerns the adjusting entries to be recorded as of that date.

a. The Office Supplies account started the year with a $4,000 balance. During 2013, the company purchased supplies for $13,400, which was added to the Office Supplies account. The inventory of supplies available at December 31, 2013, totaled $2,554.

b. An analysis of the company's insurance policies provided the following facts.

Policy	Date of Purchase	Months of Coverage	Cost
A	April 1, 2011	24	$ 14,400
B	April 1, 2012	36	12,960
C	August 1, 2013	12	2,400

The total premium for each policy was paid in full (for all months) at the purchase date, and the Prepaid Insurance account was debited for the full cost. (Year-end adjusting entries for Prepaid Insurance were properly recorded in all prior years.)

c. The company has 15 employees, who earn a total of $1,960 in salaries each working day. They are paid each Monday for their work in the five-day workweek ending on the previous Friday. Assume that December 31, 2013, is a Tuesday, and all 15 employees worked the first two days of that week. Because New Year's Day is a paid holiday, they will be paid salaries for five full days on Monday, January 6, 2014.

d. The company purchased a building on January 1, 2013. It cost $960,000 and is expected to have a $45,000 salvage value at the end of its predicted 30-year life. Annual depreciation is $30,500.

e. Since the company is not large enough to occupy the entire building it owns, it rented space to a tenant at $3,000 per month, starting on November 1, 2013. The rent was paid on time on November 1, and the amount received was credited to the Rent Earned account. However, the tenant has not paid the December rent. The company has worked out an agreement with the tenant, who has promised to pay both December and January rent in full on January 15. The tenant has agreed not to fall behind again.

f. On November 1, the company rented space to another tenant for $2,800 per month. The tenant paid five months' rent in advance on that date. The payment was recorded with a credit to the Unearned Rent account.

Required:

1. Use the information to prepare adjusting entries as of December 31, 2013.

Adjusting entries (all dated December 31, 2013).

Transaction	General Journal	Debit	Credit
a.	Office supplies expense ✔	14,846✔	
	Office supplies ✔		14,846✔
b.	Insurance expense ✔	7,120✔	
	Prepaid insurance ✔		7,120✔
c.	Salaries expense ✔	3,920✔	
	Salaries payable ✔		3,920✔
d.	Depreciation expense—Building ✔	30,500✔	
	Accumulated depreciation—Building ✔		30,500✔
e.	Rent receivable ✔	3,000✔	
	Rent earned ✔		3,000✔
f.	Unearned rent ✔	5,600✔	
	Rent earned ✔		5,600✔

2. Prepare journal entries to record the first subsequent cash transaction in 2014 for parts *c* and *e*.

Date	General Journal	Debit	Credit
Jan 06	Salaries expense ✔	5,880✔	
	Salaries payable ✔	3,920✔	
	Cash ✔		9,800✔
Jan 15	Cash ✔	6,000✔	
	Rent earned ✔		3,000✔
	✘		✘

21. award:
10 out of 10.00 points

For each of the following entries, enter the letter of the explanation that most closely describes it in the space beside each entry. (You can use letters more than once.)

A. To record receipt of unearned revenue.
B. To record this period's earning of prior unearned revenue.
C. To record payment of an accrued expense.
D. To record receipt of an accrued revenue.
E. To record an accrued expense.
F. To record an accrued revenue.
G. To record this period's use of a prepaid expense.
H. To record payment of a prepaid expense.
I. To record this period's depreciation expense.

Explanation	Journal Entries	Debit	Credit
E ✓	Interest Expense	1,000	
	Interest Payable		1,000
I ✓	Depreciation Expense	4,000	
	Accumulated Depreciation		4,000
B ✓	Unearned Professional Fees	3,000	
	Professional Fees Earned		3,000
G ✓	Insurance Expense	4,200	
	Prepaid Insurance		4,200
C ✓	Salaries Payable	1,400	
	Cash		1,400
H ✓	Prepaid Rent	4,500	
	Cash		4,500
E ✓	Salaries Expense	6,000	
	Salaries Payable		6,000
F ✓	Interest Receivable	5,000	
	Interest Revenue		5,000
D ✓	Cash	9,000	
	Accounts Receivable (from consulting)		9,000
A ✓	Cash	7,500	
	Unearned Professional Fees		7,500
D ✓	Cash	2,000	
	Interest Receivable		2,000
G ✓	Rent Expense	2,000	
	Prepaid Rent		2,000

[The following information applies to the questions displayed below.]

Wells Technical Institute (WTI), a school owned by Tristana Wells, provides training to individuals who pay tuition directly to the school. WTI also offers training to groups in off-site locations. Its unadjusted trial balance as of December 31, 2013, follows. WTI initially records prepaid expenses and unearned revenues in balance sheet accounts. Descriptions of items *a* through *h* that require adjusting entries on December 31, 2013, follow.

Additional Information Items

a. An analysis of WTI's insurance policies shows that $2,400 of coverage has expired.
b. An inventory count shows that teaching supplies costing $2,800 are available at year-end 2013.
c. Annual depreciation on the equipment is $13,200.
d. Annual depreciation on the professional library is $7,200.
e. On November 1, WTI agreed to do a special six-month course (starting immediately) for a client. The contract calls for a monthly fee of $2,500, and the client paid the first five months' fees in advance. When the cash was received, the Unearned Training Fees account was credited. The fee for the sixth month will be recorded when it is collected in 2014.
f. On October 15, WTI agreed to teach a four-month class (beginning immediately) for an individual for $3,000 tuition per month payable at the end of the class. The class started on October 15, but no payment has yet been received. (WTI's accruals are applied to the nearest half-month; for example, October recognizes one-half month accrual.)
g. WTI's two employees are paid weekly. As of the end of the year, two days' salaries have accrued at the rate of $100 per day for each employee.
h. The balance in the Prepaid Rent account represents rent for December.

WELLS TECHNICAL INSTITUTE
Unadjusted Trial Balance
December 31, 2013

	Debit	Credit
Cash	$ 34,000	
Accounts receivable	0	
Teaching supplies	8,000	
Prepaid insurance	12,000	
Prepaid rent	3,000	
Professional library	35,000	
Accumulated depreciation—Professional library		$ 10,000
Equipment	80,000	
Accumulated depreciation—Equipment		15,000
Accounts payable		26,000
Salaries payable		0
Unearned training fees		12,500
T. Wells, Capital		90,000
T. Wells, Withdrawals	50,000	
Tuition fees earned		123,900
Training fees earned		40,000
Depreciation expense—Professional library	0	
Depreciation expense—Equipment	0	
Salaries expense	50,000	
Insurance expense	0	
Rent expense	33,000	
Teaching supplies expense	0	
Advertising expense	6,000	
Utilities expense	6,400	
Totals	$317,400	$317,400

22. award: **10 out of 10.00 points**

Required:

1. Prepare the necessary adjusting journal entries for items *a* through *h*. Assume that adjusting entries are made only at year-end.

Adjusting entries (all dated Dec. 31, 2013).

Date	General Journal	Debit	Credit
Dec 31	Insurance expense	2,400	
	Prepaid insurance		2,400
Dec 31	Teaching supplies expense	5,200	
	Teaching supplies		5,200
Dec 31	Depreciation expense—Equipment	13,200	
	Accumulated depreciation—Equipment		13,200
Dec 31	Depreciation expense—Professional library	7,200	
	Accumulated depreciation—Professional library		7,200
Dec 31	Unearned training fees	5,000	
	Training fees earned		5,000
Dec 31	Accounts receivable	7,500	
	Tuition fees earned		7,500
Dec 31	Salaries expense	400	
	Salaries payable		400
Dec 31	Rent expense	3,000	
	Prepaid rent		3,000

23. award: 10 out of 10.00 points

2.1 Post the balance from the unadjusted trial balance and the adjusting entries in to the T-accounts.

Cash			
Unadj. Bal.	34,000		0
	0		0
	0		0
Adj. Bal.	34,000		

*Red text indicates no response was expected in a cell or a formula-based calculation is incorrect; no points deducted.

Equipment			
Unadj. Bal.	80,000		0
	0		0
	0		0
Adj. Bal.	80,000		

*Red text indicates no response was expected in a cell or a formula-based calculation is incorrect; no points deducted.

Accounts Receivable			
Unadj. Bal.	0		0
f	7,500		0
	0		0
Adj. Bal.	7,500		

*Red text indicates no response was expected in a cell or a formula-based calculation is incorrect; no points deducted.

Accumulated Depreciation—Equipment			
Unadj. Bal.	0		15,000
	0	c	13,200
	0		0
Adj. Bal.			28,200

*Red text indicates no response was expected in a cell or a formula-based calculation is incorrect; no points deducted.

Teaching Supplies			
Unadj. Bal.	8,000		
	0	b	5,200
	0		0
Adj. Bal.	2,800		

*Red text indicates no response was expected in a cell or a formula-based calculation is incorrect; no points deducted.

Accounts Payable			
Unadj. Bal.	0		26,000
	0		0
	0		0
Adj. Bal.			26,000

*Red text indicates no response was expected in a cell or a formula-based calculation is incorrect; no points deducted.

Prepaid Insurance			
Unadj. Bal.	12,000		0
	0	a	2,400
	0		0
Adj. Bal.	9,600		

*Red text indicates no response was expected in a cell or a formula-based calculation is incorrect; no points deducted.

Salaries Payable			
Unadj. Bal.	0		0
	0	g	400
	0		0
Adj. Bal.			400

*Red text indicates no response was expected in a cell or a formula-based calculation is incorrect; no points deducted.

Prepaid Rent			
Unadj. Bal.	3,000		0
	0	h	3,000
	0		0
Adj. Bal.	0		

Unearned Training Fees			
Unadj. Bal.	0		12,500
e	5,000		0
	0		0
Adj. Bal.			7,500

*Red text indicates no response was expected in a cell or a formula-based calculation is incorrect; no points deducted.

Professional Library			
Unadj. Bal.	35,000		0
	0		0
	0		0
Adj. Bal.	35,000		

*Red text indicates no response was expected in a cell or a formula-based calculation is incorrect; no points deducted.

T. Wells, Capital			
Unadj. Bal.			90,000
	0		0
	0		0
Adj. Bal.			90,000

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Accumulated Depreciation—Professional Library			
Unadj. Bal.	0		10,000
	0	d	7,200
	0		0
Adj. Bal.			17,200

*Red text indicates no response was expected in a cell or a formula-based calculation is incorrect; no points deducted.

T. Wells, Withdrawals			
Unadj. Bal.	50,000		0
	0		0
	0		0
Adj. Bal.	50,000		

*Red text indicates no response was expected in a cell or a formula-based calculation is incorrect; no points deducted.

Tuition Fees Earned			
Unadj. Bal.	0		123,900
	0	f	7,500
	0		0
Adj. Bal.			131,400

*Red text indicates no response was expected in a cell or a formula-based calculation is incorrect; no points deducted.

Insurance Expense			
Unadj. Bal.	0		0
a	2,400		0
	0		0
Adj. Bal.	2,400		

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Training Fees Earned			
Unadj. Bal.	0		40,000
	0	e	5,000
	0		0
Adj. Bal.			45,000

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Rent Expense			
Unadj. Bal.	33,000		0
h	3,000		0
	0		0
Adj. Bal.	36,000		

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Depreciation Expense—Professional Library			
Unadj. Bal.	0		0
d	7,200		0
	0		0
Adj. Bal.	7,200		

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Teaching Supplies Expense			
Unadj. Bal.	0		0
b	5,200		0
	0		0
Adj. Bal.	5,200		

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Depreciation Expense—Equipment			
Unadj. Bal.	0		0
c	13,200		0
	0		0
Adj. Bal.	13,200		

*Red text indicates no response was expected in a cell or a formula-based calculation is incorrect; no points deducted.

Advertising Expense			
Unadj. Bal.	6,000		0
	0		0
	0		0
Adj. Bal.	6,000		

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Salaries Expense			
Unadj. Bal.	50,000		0
g	400		0
	0		0
Adj. Bal.	50,400		

*Red text indicates no response was expected in a cell or a formula-based calculation is incorrect; no points deducted.

Utilities Expense			
Unadj. Bal.	6,400		0
	0		0
	0		0
Adj. Bal.	6,400		

*Red text indicates no response was expected in a cell or a formula-based calculation is incorrect; no points deducted.

2.2 Prepare an adjusted trial balance.

WELLS TECHNICAL INSTITUTE		
Adjusted Trial Balance		
December 31, 2013		
	Debit	Credit
Cash	$ 34,000	
Accounts receivable	7,500	
Teaching supplies	2,800	
Prepaid insurance	9,600	
Prepaid rent	0	
Professional library	35,000	
Accumulated depreciation—Professional library		17,200
Equipment	80,000	
Accumulated depreciation—Equipment		28,200
Accounts payable		26,000
Salaries payable		400
Unearned training fees		7,500
T. Wells, Capital		90,000
T. Wells, Withdrawals	50,000	
Tuition fees earned		131,400
Training fees earned		45,000
Depreciation expense—Professional library	7,200	
Depreciation expense—Equipment	13,200	
Salaries expense	50,400	
Insurance expense	2,400	
Rent expense	36,000	
Teaching supplies expense	5,200	
Advertising expense	6,000	
Utilities expense	6,400	
Totals	$ 345,700	$ 345,700

24. award: 9.85 out of 10.00 points

3.1 Prepare Wells Technical Institute's income statement for the year 2013.

WELLS TECHNICAL INSTITUTE		
Income Statement		
For Year Ended December 31, 2013		
Training fees earned	$ 45,000	
Tuition fees earned	131,400	
	0	
Total Revenues		$ 176,400
Expenses		
Depreciation expense—Equipment	13,200	
Salaries expense	50,400	
Insurance expense	2,400	
Rent expense	36,000	
Teaching supplies expense	5,200	
Utilities expense	6,400	
Advertising expense	6,000	
Depreciation expense—Professional library	7,200	
	0	
	0	
Total Expenses		126,800
Net income		$ 49,600

3.2 Prepare Wells Technical Institute's statement of owner's equity for the year 2013.

WELLS TECHNICAL INSTITUTE	
Statement of Owner's Equity	
For Year Ended December 31, 2013	
T. Wells, Capital, December 31, 2012	$ 90,000
Add: Net income	49,600
	139,600
Less: Withdrawals by owner	50,000
T. Wells, Capital, December 31, 2013	$ 89,600

3.3 Prepare Wells Technical Institute's balance sheet as of December 31, 2013.

WELLS TECHNICAL INSTITUTE		
Balance Sheet		
December 31, 2013		
Assets		
Cash		$ 34,000
Accounts receivable		7,500
Teaching supplies		2,800
Prepaid insurance		9,600
Professional library	$ 35,000	
Accumulated depreciation—Professional library	17,200	17,800
Equipment	80,000	
Accumulated depreciation—Equipment	28,200	51,800
Total Assets		$ 123,500
Liabilities		
Accounts payable		$ 26,000
Salaries payable		400
Unearned training fees		7,500
Total Liabilities		33,900
Equity		
T. Wells, Capital		89,600
		0
Total Liabilities and Equity		$ 123,500

25. award: **10 out of 10.00 points**

Pablo Management has three part-time employees, each of whom earns $100 per day. They are normally paid on Fridays for work completed Monday through Friday of the same week. They were paid in full on Friday, December 28, 2013. The next week, the three employees worked only four days because New Year's Day was an unpaid holiday.

a. Prepare the adjusting entry that would be recorded on Monday, December 31, 2013.

Date	General Journal	Debit	Credit
Dec 31, 2013	Wages expense ✓	300✓	
	Wages payable ✓		300✓

b. Prepare the journal entry that would be made to record payment of the employees' wages on Friday, January 4, 2014.

Date	General Journal	Debit	Credit
Jan 04, 2014	Wages expense ✓	900✓	
	Wages payable ✓	300✓	
	Cash ✓		1,200✓