

1. Sanchez Computer Center, continued.

At the end of September, Tony took a complete inventory of his supplies and found the following:

- 5 dozen ¼" screws at a cost of \$8.00 a dozen
- 2 dozen ½" screws at a cost of \$5.00 a dozen
- 2 cartons of computer inventory paper at a cost of \$14 a carton
- 3 feet of coaxial cable at a cost of \$4.00 per foot

After speaking to his accountant, he found that a reasonable depreciation amount for each of his long-term assets is as follows:

- Computer purchased July 5, 201X Depreciation \$33 a month
- Office equipment purchased July 17, 201X Depreciation \$10 a month
- Computer workstations purchased Sept. 17, 201X Depreciation \$20 a month

Tony uses the straight-line method of depreciation and declares no salvage value for any of the assets. If any long-term asset is purchased in the first 15 days of the month, he will charge depreciation for the full month. If an asset is purchased on the 16th of the month, or later, he will not charge depreciation in the month it was purchased.

August and September's rent has now expired.

Tasks

Use your trial balance from the completed problem previously and the adjusting information given here to complete the worksheet for the three months ended September 30, 201X. From the worksheets, prepare the financial statements.

Tony decided to end the Sanchez Computer Center's first year as of September 30, 201X. Following is an updated chart of accounts.

Chart of Accounts

Assets	Revenue
1000 Cash	4000 Service Revenue
1020 Accounts Receivable	Expenses
1025 Prepaid Rent	5010 Advertising Expense
1030 Supplies	5020 Rent Expense
1080 Computer Shop Equipment	5030 Utilities Expense
1081 Accum. Depr. C. S. Equip.	5040 Phone Expense
1090 Office Equipment	5050 Supplies Expense
1091 Accum. Depr. Office Equip.	5060 Insurance Expense
Liabilities	5070 Postage Expense

2000 Accounts Payable

5080 Depr. Exp. C. S. Equip.

Owner's Equity

5090 Depr. Exp. Office Equip.

3000 T. Freedman, Capital

3010 T. Freedman, Withdrawals

3020 Income Summary

Complete the following:

- a. Journalize the adjusting entries.
- b. Post the adjusting entries to the ledger.
- c. Journalize the closing entries.
- d. Post the closing entries to the ledger.
- e. Prepare a post-closing trial balance.

2. As the bookkeeper of Parker's Plowing, you have been asked to complete the entire accounting cycle for Parker from the following information.

201X

Jan. 1 Parker invested \$14,000 cash and \$9,000 worth of snow equipment into the plowing company.

Jan. 1 Paid rent for five months in advance for garage space, \$3,500.

Jan. 4 Purchased office equipment on account from Liliis Corp., \$12,600.

Jan. 6 Purchased snow supplies for \$500 cash.

Jan. 8 Collected \$15,000 from plowing local shopping centers.

Jan. 12 Parker Muroney withdrew \$5,000 from the business for his own personal use.

Jan. 20 Plowed Holiday Co. parking lots, payment not to be received until March, \$7,000.

Jan. 26 Paid salaries to employees, \$1,400.

Jan. 28 Paid Liliis Corp. one-half amount owed for office equipment.

Jan. 29 Advertising bill received from Carter Co. but will not be paid until March, \$600.

Jan. 30 Paid telephone bill, \$200.

Use the following chart of accounts.

Chart of Accounts

Assets

111 Cash

112 Accounts Receivable

114 Prepaid Rent

115 Snow Supplies

121 Office Equipment

122 Accumulated Depreciation, Office Equipment

123 Snow Equipment

124 Accumulated Depreciation, Snow Equipment

Liabilities

211 Accounts Payable

212 Salaries Payable

Owner Equity

311 Parker Muroney, Capital

312 Parker Muroney, Withdrawals

313 Income Summary

Revenue

411 Plowing Fees

Expenses

511 Salary Expense

512 Advertising Expense

513 Telephone Expense

514 Rent Expense

515 Snow Supplies Expense

516 Depreciation Expense, Office Equipment

517 Depreciation Expense, Snow Equipment

From the following transactions as well as additional data, please complete the entire accounting cycle for Parker's Plowing (use the chart of accounts above) for 201X.

Jan. 1 Parker invested \$10,000 cash and \$12,000 worth of snow equipment into the plowing company.

Jan. 1 Paid rent for six months in advance for garage space, \$6,000.

Jan. 4 Purchased office equipment on account from Lumen Corp., \$12,600.

Jan. 6 Purchased snow supplies for \$800 cash.

Jan. 8 Collected \$14,000 from plowing local shopping centers.

Jan. 12 Parker Muroney withdrew \$4,000 from the business for his own personal use.

- Jan. 20 Plowed Alton Co. parking lots, payment not to be received until May, \$1,500.
- Jan. 26 Paid salaries to employees, \$1,900.
- Jan. 28 Paid Lumen Corp. one-half amount owed for office equipment.
- Jan. 29 Advertising bill received from Washington Co. but will not be paid until May, \$700.
- Jan. 30 Paid telephone bill, \$130.

Adjustment Data

- a. Snow supplies on hand, \$700.
- b. Rent expired, \$1,000.
- c. Depreciation on office equipment, \$210: ($\$12,600/5 \text{ yr} = \$2,520/12 \text{ mo.} = \210).
- d. Depreciation on snow equipment, \$200: ($\$12,000/5 \text{ yr} = \$2,400/12 \text{ mo.} = \200).
- e. Accrued salaries, \$380.

3. Todd Silver is the purchasing agent for Moore Co. One of his suppliers, Gem Co., offers Todd a free vacation to France if he buys at least 75% of Moore's supplies from Gem Co. Todd, who is angry because Moore Co. has not given him a raise in over a year, is considering the offer. Write your recommendation to Todd.

4. Using the trial balance in Figure 18, and adjustment data of Kyler's Moving Co., prepare

- a. A worksheet for the month of January.
- b. An income statement for January, a statement of owner's equity for January, and a balance sheet as of January 31, 201X.

Adjustment Data to Update Trial Balance

- a. Insurance expired, \$450.
- b. Moving supplies on hand, \$400.
- c. Depreciation on moving truck, \$350.
- d. Wages earned but unpaid, \$180.

Kyler's Moving Co.

Trial Balance

January 31, 201X

	Debits	Credits
A. Cash	11,000.00	
B. Prepaid Insurance		1,800.00
C. Moving Supplies		1,000.00
D. Moving Truck		16,000.00
E. Accumulated Depreciation, Moving Truck		5,500.00
F. Accounts Payable		2,700.00
G. K. Hilton, Capital		19,228.00
H. K. Hilton, Withdrawal	1,300.00	
I. Revenue from Moving		8,300.00
J. Wages Expense	3,150.00	
K. Rent Expense	775.00	
L. Advertising Expense	703.00	
Totals	35,728.00	35,728.00