

6. Supplies used during January \$4,000.
7. Repair services performed during January: for cash \$6,000; on account \$9,000.
8. Wages for January, paid in cash, \$3,500.
9. Jay's drawings during January were \$3,000.

Instructions

- (a) Open T accounts for each of the accounts listed in the trial balance, and enter the opening balances for 2012.
- (b) Prepare journal entries to record each of the January transactions. (Omit explanations.)
- (c) Post the journal entries to the accounts in the ledger. (Add accounts as needed.)
- (d) Prepare a trial balance as of January 31, 2012.

Trial balance totals \$63,200

Prepare a correct trial balance.
(SO 7), AN

**P2-4A** The trial balance of the Kellen Davis Company shown below does not balance.**KELLEN DAVIS COMPANY**

Trial Balance
May 31, 2012

	<u>Debit</u>	<u>Credit</u>
Cash	\$ 5,850	
Accounts Receivable	-	\$ 2,750
Prepaid Insurance	700	
Equipment	8,000	
Accounts Payable		4,500
Unearned Service Revenue	650	
Owner's Capital		11,700
Service Revenue	6,690	
Salaries and Wages Expense	4,200	
Advertising Expense		1,100
Insurance Expense	890	
	<u>\$26,980</u>	<u>\$20,050</u>

Your review of the ledger reveals that each account has a normal balance. You also discover the following errors.

1. The totals of the debit sides of Prepaid Insurance, Accounts Payable, and Insurance Expense were each understated \$100.
2. Transposition errors were made in Accounts Receivable and Service Revenue. Based on postings made, the correct balances were \$2,570 and \$6,960, respectively.
3. A debit posting to Salaries and Wages Expense of \$200 was omitted.
4. A \$1,000 cash drawing by the owner was debited to Owner's Capital for \$1,000 and credited to Cash for \$1,000.
5. A \$520 purchase of supplies on account was debited to Equipment for \$520 and credited to Cash for \$520.
6. A cash payment of \$540 for advertising was debited to Advertising Expense for \$54 and credited to Cash for \$54.
7. A collection from a customer for \$210 was debited to Cash for \$210 and credited to Accounts Payable for \$210.

Instructions

Prepare a correct trial balance. Note that the chart of accounts includes the following: Owner's Drawings and Supplies. (Hint: It helps to prepare the correct journal entry for the transaction described and compare it to the mistake made.)

P2-5A The Chicago Theater is owned by Rashied Davis. All facilities were completed on March 31. At this time, the ledger showed: No. 101 Cash \$4,000, No. 140 Land \$10,000, No. 145 Buildings (concession stand, projection room, ticket booth, and screen) \$8,000, No. 157 Equipment \$6,000, No. 201 Accounts Payable \$2,000, No. 275 Mortgage Payable \$8,000, and No. 301 Owner's Capital \$18,000. During April, the following events and transactions occurred.

- Apr. 2 Paid film rental of \$1,100 on first movie.
- 3 Ordered two additional films at \$1,000 each.
- 9 Received \$2,800 cash from admissions.
- 10 Made \$2,000 payment on mortgage and \$1,000 for accounts payable due.

Trial balance totals \$25,020

Journalize transactions, post,
and prepare a trial balance.
(SO 2, 4, 6, 7), AP

GLS

- 11 Chicago Theater contracted with Virginia McCaskey to operate the concession stand. McCaskey is to pay 17% of gross concession receipts (payable monthly) for the rental of the concession stand.
- 12 Paid advertising expenses \$500.
- 20 Received one of the films ordered on April 3 and was billed \$1,000. The film will be shown in April.
- 25 Received \$5,200 cash from admissions.
- 29 Paid salaries \$2,000.
- 30 Received statement from Virginia McCaskey showing gross concession receipts of \$1,000 and the balance due to The Chicago Theater of \$170 ($\$1,000 \times 17\%$) for April. McCaskey paid one-half of the balance due and will remit the remainder on May 5.
- 30 Prepaid \$1,200 rental on special film to be run in May.

In addition to the accounts identified above, the chart of accounts shows: No. 112 Accounts Receivable, No. 136 Prepaid Rent, No. 400 Service Revenue, No. 429 Rent Revenue, No. 610 Advertising Expense, No. 726 Salaries and Wages Expense, and No. 729 Rent Expense.

Instructions

- 1 Enter the beginning balances in the ledger as of April 1. Insert a check mark (✓) in the reference column of the ledger for the beginning balance.
- 2 Journalize the April transactions. Chicago records admission revenue as service revenue, rental of the concession stand as rent revenue, and film rental expense as rent expense.
- 3 Post the April journal entries to the ledger. Assume that all entries are posted from page 1 of the journal.
- 4 Prepare a trial balance on April 30, 2012.

Trial balance totals \$34,170

Problems: Set B

Problem 1 Forte Disc Golf Course was opened on March 1 by Matt Forte. The following selected transactions occurred during March.

- 1 Invested \$20,000 cash in the business.
- 3 Purchased Heeren's Golf Land for \$15,000 cash. The price consists of land \$12,000, shed \$2,000, and equipment \$1,000. (Make one compound entry.)
- 5 Paid advertising expenses of \$700.
- 6 Paid cash \$600 for a one-year insurance policy.
- 10 Purchased golf discs and other equipment for \$1,050 from Innova Company payable in 30 days.
- 15 Received \$1,100 in cash for golf fees earned (Forte records golf fees as service revenue).
- 19 Sold 150 coupon books for \$10 each. Each book contains 4 coupons that enable the holder to play one round of disc golf.
- 23 Withdrew \$800 cash for personal use.
- 25 Paid salaries of \$250.
- 27 Paid Innova Company in full.
- 29 Received \$2,100 cash for fees earned.

Forte uses the following accounts: Cash, Prepaid Insurance, Land, Buildings, Equipment, Payable, Unearned Service Revenue, Owner's Capital, Owner's Drawings, Service Advertising Expense, and Salaries and Wages Expense.

Instructions

1 Journalize the March transactions.

Problem 2 Victoria Hall is a licensed dentist. During the first month of the operation of her business, the following events and transactions occurred.

- 1 Invested \$20,000 cash in her business.
- 1 Hired a secretary-receptionist at a salary of \$700 per week payable monthly.
- 2 Paid office rent for the month \$1,100.
- 3 Purchased dental supplies on account from Smile Company \$4,000.

Journalize a series of transactions.

(SO 2, 4), AP

GLS

Journalize transactions, post, and prepare a trial balance.

(SO 2, 4, 6)

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