# *Corporate Financial Accounting 15th edition Warren Solutions Manual*

SKU: 9781337398169-SOLUTIONS

Corporate Financial Accounting 15th edition Warren Solutions Manual

# CHAPTER 2
# ANALYZING TRANSACTIONS

## DISCUSSION QUESTIONS

**1.** An account is a form designed to record changes in a particular asset, liability, stockholders' equity, revenue, or expense. A ledger is a group of related accounts.

**2.** The terms *debit* and *credit* may signify either an increase or a decrease, depending upon the nature of the account. For example, debits signify an increase in asset, expense, and dividends accounts but a decrease in liability, common stock, retained earnings, and revenue accounts.

**3.** **a.** Assuming no errors have occurred, the credit balance in the cash account resulted from writing checks for $1,850 in excess of the amount of cash on deposit.

**b.** The $1,850 credit balance in the cash account as of December 31 is a liability owed to the bank. It is usually referred to as an "overdraft" and should be classified on the balance sheet as a liability.

**4.** **a.** The revenue was earned in October.

**b.** (1) Debit Accounts Receivable and credit Fees Earned or another appropriately titled revenue account in October.

(2) Debit Cash and credit Accounts Receivable in November.

**5.** No. Errors may have been made that had the same erroneous effect on both debits and credits, such as failure to record and/or post a transaction, recording the same transaction more than once, and posting a transaction correctly but to the wrong account.

**6.** The listing of $9,800 is a transposition; the listing of $100 is a slide.

**7.** **a.** No. Because the same error occurred on both the debit side and the credit side of the trial balance, the trial balance would not be out of balance.

**b.** Yes. The trial balance would not balance. The error would cause the debit total of the trial balance to exceed the credit total by $90.

**8.** **a.** The equality of the trial balance would not be affected.

**b.** On the income statement, total operating expenses (salary expense) would be overstated by $7,500, and net income would be understated by $7,500. On the statement of stockholders' equity, the beginning and ending retained earnings would be correct. However, net income and dividends would be understated by $7,500. These understatements offset one another, and thus, ending retained earnings is correct. The balance sheet is not affected by the error.

**9.** **a.** The equality of the trial balance would not be affected.

**b.** On the income statement, revenues (fees earned) would be overstated by $300,000, and net income would be overstated by $300,000. On the statement of stockholders' equity, the beginning retained earnings would be correct. However, net income and ending retained earnings would be overstated by $300,000. The balance sheet total assets is correct. However, liabilities (notes payable) is understated by $300,000, and stockholders' equity (retained earnings) is overstated by $300,000. The understatement of liabilities is offset by the overstatement of stockholders' equity (retained earnings), and thus, total liabilities and stockholders' equity is correct.

**10.** **a.** From the viewpoint of Surety Storage, the balance of the checking account represents an asset.

**b.** From the viewpoint of Ada Savings Bank, the balance of the checking account represents a liability.


© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

## BASIC EXERCISES

**BE 2–1**

1. **Debit and credit entries, normal credit balance**
2. **Debit and credit entries, normal debit balance**
3. **Debit entries only, normal debit balance**
4. **Debit entries only, normal debit balance**
5. **Debit entries only, normal debit balance**
6. **Credit entries only, normal credit balance**

**BE 2–2**

| | | | | | |
|---|---|---|---|---|---|
| Nov. | 2 | Office Supplies | | 1,600 | |
| | | Cash | | | 500 |
| | | Accounts Payable | | | 1,100 |

**BE 2–3**

| | | | | |
|---|---|---|---|---|
| Aug. | 13 | Cash | 9,000 | |
| | | Fees Earned | | 9,000 |

**BE 2–4**

| | | | | |
|---|---|---|---|---|
| June | 30 | Dividends | 11,500 | |
| | | Cash | | 11,500 |

**BE 2–5**

**Using the following T account, solve for the amount of supplies expense (indicated by ? below).**

**Supplies**

| | | | |
|---|---|---|---|
| Aug. 1 Bal. | 1,025 | ? | Supplies expense |
| Supplies purchased | 3,110 | | |
| Aug. 31 Bal. | 1,324 | | |

**$1,324 = $1,025 + $3,110 – Supplies expense**
**Supplies expense = $1,025 + $3,110 – $1,324 = $2,811**


© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**BE 2–6**

**a. The totals are equal because both the debit and credit entries were journalized and posted for $12,900.**

**b. The totals are unequal. The credit total is higher by $1,656 ($1,840 – $184).**

**c. The totals are unequal. The debit total is higher by $4,500 ($8,300 – $3,800).**

**BE 2–7**

**a.**

| | | |
|---|---|---|
| Cash | 8,400 | |
| Accounts Receivable | | 8,400 |

**b.**

| | | |
|---|---|---|
| Supplies | 2,500 | |
| Office Equipment | | 2,500 |
| | | |
| Supplies | 2,500 | |
| Accounts Payable | | 2,500 |

***Note:*** **The first entry in (b) reverses the incorrect entry, and the second entry records the correct entry. These two entries could also be combined into one entry as shown below; however, preparing two entries would make it easier for someone to understand later what happened and why the entries were necessary.**

| | | |
|---|---|---|
| Supplies | 5,000 | |
| Office Equipment | | 2,500 |
| Accounts Payable | | 2,500 |

**BE 2–8**

**Paragon Company**
**Income Statements**
**For the Years Ended December 31**

| | | | Increase/(Decrease) | |
|---|---|---|---|---|
| | 20Y7 | 20Y6 | Amount | Percent |
| Fees earned | $ 1,416,000 | $1,200,000 | $216,000 | 18.0% |
| Expenses | (1,044,000) | (900,000) | 144,000 | 16.0% |
| Net income | $ 372,000 | $ 300,000 | $ 72,000 | 24.0% |
| | | | | |


© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

# EXERCISES

**Ex. 2–1**

| Balance Sheet Accounts | Income Statement Accounts |
|---|---|
| **Assets** | **Revenue** |
| Advanced Payments for Equipment[a] | Cargo Revenue |
| Cash | Passenger Revenue |
| Flight Equipment | |
| Fuel Inventory | |
| Parts and Supplies Inventories | |
| Prepaid Expenses | |
| **Liabilities** | **Expenses** |
| Accounts Payable | Aircraft Fuel (Expense) |
| Air Traffic Liability[b] | Aircraft Maintenance (Expense) |
| Frequent Flyer (Obligations)[c] | Aircraft Rent (Expense) |
| Taxes Payable | Contract Carrier Arrangements (Expense)[d] |
| | Landing Fees (Expense)[e] |
| | Passenger Commissions (Expense)[f] |
| **Stockholders' Equity** | |
| None | |

[a] Advance payments (deposits) on aircraft to be delivered in the future
[b] Passenger ticket sales for future flights
[c] Obligations to provide frequent flyers future travel and other benefits
[d] Payments to other airlines for passenger travel under Delta tickets
[e] Fees paid to airports for landing rights
[f] Commissions paid to travel agents for passenger bookings

**Ex. 2–2**

| Account | Account Number |
|---|---|
| Accounts Payable | 21 |
| Accounts Receivable | 12 |
| Cash | 11 |
| Common Stock | 31 |
| Dividends | 33 |
| Fees Earned | 41 |
| Land | 13 |
| Miscellaneous Expense | 53 |
| Retained Earnings | 32 |
| Supplies Expense | 52 |
| Wages Expense | 51 |

*Note:* Expense accounts are normally listed in order of magnitude from largest to smallest with Miscellaneous Expense always listed last. Since Wages Expense is normally larger than Supplies Expense, Wages Expense is listed as account number 51 and Supplies Expense as account number 52.


© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Ex. 2–3**

| Balance Sheet Accounts | Income Statement Accounts |
|---|---|
| **1. Assets** | **4. Revenue** |
| 11 Cash | 41 Fees Earned |
| 12 Accounts Receivable | |
| 13 Supplies | **5. Expenses** |
| 14 Prepaid Insurance | 51 Wages Expense |
| 15 Equipment | 52 Rent Expense |
| | 53 Supplies Expense |
| **2. Liabilities** | 59 Miscellaneous Expense |
| 21 Accounts Payable | |
| 22 Unearned Rent | |
| **3. Stockholders' Equity** | |
| 31 Common Stock | |
| 32 Retained Earnings | |
| 33 Dividends | |

***Note:*** **The order of some of the accounts within the major classifications is somewhat arbitrary, as in accounts 13–14, accounts 21–22, and accounts 51–53. In a new business, the order of magnitude of balances in such accounts is not determinable in advance. The magnitude may also vary from period to period.**

**Ex. 2–4**

| | | | |
|---|---|---|---|
| a. | debit | g. | credit |
| b. | debit | h. | debit |
| c. | debit | i. | debit |
| d. | credit | j. | credit |
| e. | debit | k. | debit |
| f. | credit | l. | debit |

**Ex. 2–5**

1. debit and credit entries (c)
2. debit and credit entries (c)
3. debit and credit entries (c)
4. credit entries only (b)
5. debit entries only (a)
6. debit entries only (a)
7. debit entries only (a)


© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Ex. 2–6**

**a. Liability—credit**
**b. Asset—debit**
**c. Asset—debit**
**d. Stockholders' equity (Common Stock)—credit**
**e. Stockholders' equity (Dividends)—debit**
**f. Revenue—credit**
**g. Asset—debit**
**h. Expense—debit**
**i. Asset—debit**
**j. Expense—debit**

**Ex. 2–7**

| | | | | |
|---|---|---|---|---|
| 20Y2 | | | | |
| Oct. | 1 | Rent Expense | 2,500 | |
| | | Cash | | 2,500 |
| | | | | |
| | 4 | Advertising Expense | 1,000 | |
| | | Cash | | 1,000 |
| | | | | |
| | 5 | Supplies | 1,800 | |
| | | Cash | | 1,800 |
| | | | | |
| | 6 | Office Equipment | 11,500 | |
| | | Accounts Payable | | 11,500 |
| | | | | |
| | 12 | Cash | 7,500 | |
| | | Accounts Receivable | | 7,500 |
| | | | | |
| | 20 | Accounts Payable | 2,700 | |
| | | Cash | | 2,700 |
| | | | | |
| | 27 | Miscellaneous Expense | 700 | |
| | | Cash | | 700 |
| | | | | |
| | 30 | Utilities Expense | 475 | |
| | | Cash | | 475 |
| | | | | |
| | 31 | Accounts Receivable | 42,400 | |
| | | Fees Earned | | 42,400 |
| | | | | |
| | 31 | Utilities Expense | 900 | |
| | | Cash | | 900 |
| | | | | |
| | 31 | Dividends | 1,500 | |
| | | Cash | | 1,500 |


© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Ex. 2–8**

**a.**

**JOURNAL** Page 73

| Date | | Description | Post. Ref. | Debit | Credit |
|---|---|---|---|---|---|
| 20Y9 | | | | | |
| Feb. | 11 | Supplies | 15 | 2,250 | |
| | | Accounts Payable | 21 | | 2,250 |
| | | Purchased supplies on account. | | | |

**b., c., d.**

Account: Supplies Account No. 15

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y9 | | | | | | | |
| Feb. | 1 | Balance | ✓ | | | 400 | |
| | 11 | | 73 | 2,250 | | 2,650 | |

Account: Accounts Payable Account No. 21

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y9 | | | | | | | |
| Feb. | 1 | Balance | ✓ | | | | 18,300 |
| | 11 | | 73 | | 2,250 | | 20,550 |

**e. Yes, the rules of debit and credit apply to all companies.**

**Ex. 2–9**

**a. (1)**

| | | |
|---|---|---|
| Accounts Receivable | 112,700 | |
| Fees Earned | | 112,700 |

**(2)**

| | | |
|---|---|---|
| Supplies | 4,500 | |
| Accounts Payable | | 4,500 |

**(3)**

| | | |
|---|---|---|
| Cash | 88,220 | |
| Accounts Receivable | | 88,220 |

**(4)**

| | | |
|---|---|---|
| Accounts Payable | 3,100 | |
| Cash | | 3,100 |



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Ex. 2–9 (Concluded)**

**b.**

| Cash | | | |
|---|---|---|---|
| (3) | 88,220 | (4) | 3,100 |

| Accounts Payable | | | |
|---|---|---|---|
| (4) | 3,100 | (2) | 4,500 |

| Supplies | | | |
|---|---|---|---|
| (2) | 4,500 | | |

| Fees Earned | | | |
|---|---|---|---|
| | | (1) | 112,700 |

| Accounts Receivable | | | |
|---|---|---|---|
| (1) | 112,700 | (3) | 88,220 |

**c.** **No, an error may not have necessarily occurred. A credit balance in Accounts Receivable could occur if a customer overpaid his or her account. Regardless, the credit balance should be investigated to verify that an error has not occurred.**

**Ex. 2–10**

**a.** **The increase of $270,800 ($1,245,000 – $974,200) in the cash account does not indicate net income of that amount. Net income is the net change in all assets and liabilities from operating (revenue and expense) transactions.**

**b.** **$150,200 ($421,000 – $270,800)**

**or**

| Cash | |
|---|---|
| X | 974,200 |
| 1,245,000 | |
| 421,000 | |

**X + $1,245,000 – $974,200 = $421,000**
**X = $421,000 – $1,245,000 + $974,200**
**X = $150,200**


© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Ex. 2–11**

**a.**

| Accounts Payable | | | |
|---|---|---|---|
| | | Feb. 1 | X |
| | 186,500 | | 201,400 |
| | | Feb. 28 | 59,900 |

**X + $201,400 – $186,500 = $59,900**
**X = $59,900 + $186,500 – $201,400**
**X = $45,000**

**b.**

| Accounts Receivable | | | |
|---|---|---|---|
| Oct. 1 | 115,800 | | 449,600 |
| | X | | |
| Oct. 31 | 130,770 | | |

**$115,800 + X – $449,600 = $130,770**
**X = $130,770 + $449,600 – $115,800**
**X = $464,570**

**c.**

| Cash | | | |
|---|---|---|---|
| Apr. 1 | 46,220 | | X |
| | 248,600 | | |
| Apr. 30 | 56,770 | | |

**$46,220 + $248,600 – X = $56,770**
**X = $46,220 + $248,600 – $56,770**
**X = $238,050**

**Ex. 2–12**

**a.** **Debit (negative) balance of $16,000 ($314,000 – $10,000 – $320,000). This negative balance means that the liabilities of the business exceed the assets.**

**b.** **Yes. The balance sheet prepared at December 31 will balance, with Retained Earnings being reported in the stockholders' equity section as a debit (negative) balance of $16,000.**


© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Ex. 2–13**

**a. and b.**

| | Account Debited | | Account Credited | |
|---|---|---|---|---|
| Transaction | Type | Effect | Type | Effect |
| (1) | asset | + | stockholders' equity | + |
| (2) | asset | + | asset | – |
| (3) | asset | + | asset | – |
| | | | liability | + |
| (4) | expense | + | asset | – |
| (5) | asset | + | revenue | + |
| (6) | liability | – | asset | – |
| (7) | asset | + | asset | – |
| (8) | expense | + | asset | – |
| (9) | dividend | + | asset | – |

**Ex. 2–14**

| | | | |
|---|---|---|---|
| (1) | Cash | 40,000 | |
| | Common Stock | | 40,000 |
| (2) | Supplies | 4,000 | |
| | Cash | | 4,000 |
| (3) | Equipment | 15,000 | |
| | Accounts Payable | | 10,000 |
| | Cash | | 5,000 |
| (4) | Operating Expenses | 6,175 | |
| | Cash | | 6,175 |
| (5) | Accounts Receivable | 20,500 | |
| | Service Revenue | | 20,500 |
| (6) | Accounts Payable | 6,000 | |
| | Cash | | 6,000 |
| (7) | Cash | 13,100 | |
| | Accounts Receivable | | 13,100 |
| (8) | Operating Expenses | 2,200 | |
| | Supplies | | 2,200 |
| (9) | Dividends | 1,500 | |
| | Cash | | 1,500 |


© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Ex. 2–15**

**a.**

| Rocky Mountain Tours Co.<br>Unadjusted Trial Balance<br>June 30, 20Y2 | | |
|---|---|---|
| | Debit Balances | Credit Balances |
| Cash | 30,425 | |
| Accounts Receivable | 7,400 | |
| Supplies | 1,800 | |
| Equipment | 15,000 | |
| Accounts Payable | | 4,000 |
| Common Stock | | 40,000 |
| Dividends | 1,500 | |
| Service Revenue | | 20,500 |
| Operating Expenses | 8,375 | |
| | 64,500 | 64,500 |

**b.** **Net income, $12,125 ($20,500 – $8,375)**


© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Ex. 2–16**

| Seaside Furniture Company<br>Unadjusted Trial Balance<br>August 31, 20Y5 | | |
|---|---|---|
| | Debit Balances | Credit Balances |
| Cash | 426,800 | |
| Accounts Receivable | 660,500 | |
| Supplies | 11,200 | |
| Prepaid Insurance | 21,600 | |
| Land | 1,850,000 | |
| Accounts Payable | | 118,600 |
| Unearned Rent | | 12,000 |
| Notes Payable | | 75,000 |
| Common Stock | | 150,000 |
| Retained Earnings | | 1,814,400 |
| Dividends | 36,000 | |
| Fees Earned | | 4,330,000 |
| Wages Expense | 2,950,000 | |
| Rent Expense | 390,000 | |
| Utilities Expense | 82,000 | |
| Supplies Expense | 23,700 | |
| Insurance Expense | 18,000 | |
| Miscellaneous Expense | 30,200 | |
| | 6,500,000 | 6,500,000 |
| | | |

**Cash = $6,500,000 – $30,200 – $18,000 – $23,700 – $82,000 – $390,000 – $2,950,000 – $36,000 – $1,850,000 – $21,600 – $11,200 – $660,500 = $426,800**

**Ex. 2–17**

**Inequality of trial balance totals would be caused by errors described in (c) and (e). For (c), the debit total would exceed the credit total by $9,900 ($4,950 + $4,950). For (e), the credit total would exceed the debit total by $17,100 ($19,000 – $1,900).**

**Errors (b), (c), (d), and (e) would require correcting entries. Although it is not a correcting entry, the entry that was not made in (a) should also be entered in the journal.**


© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Ex. 2–18**

| Ranger Co.<br>Unadjusted Trial Balance<br>August 31, 20Y1 | | |
|---|---|---|
| | Debit Balances | Credit Balances |
| Cash | 15,500 | |
| Accounts Receivable | 46,750 | |
| Prepaid Insurance | 12,000 | |
| Equipment | 190,000 | |
| Accounts Payable | | 24,600 |
| Unearned Rent | | 5,400 |
| Common Stock | | 40,000 |
| Retained Earnings | | 70,000 |
| Dividends | 13,000 | |
| Service Revenue | | 385,000 |
| Wages Expense | 213,000 | |
| Advertising Expense | 16,350 | |
| Miscellaneous Expense | 18,400 | |
| | 525,000 | 525,000 |
| | | |

**Ex. 2–19**

| Error | (a) Out of Balance | (b) Difference | (c) Larger Total |
|---|---|---|---|
| 1. | yes | $6,000 | debit |
| 2. | no | — | — |
| 3. | yes | 5,400 | credit |
| 4. | yes | 480 | debit |
| 5. | no | — | — |
| 6. | yes | 90 | credit |
| 7. | yes | 360 | credit |


© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Ex. 2–20**

1. **The Debit column total is added incorrectly. The sum is $1,098,500 rather than $1,801,500.**
2. **The trial balance should be dated "December 31, 20Y8," not "For the Year Ending December 31, 20Y8."**
3. **The Accounts Receivable balance should be in the Debit column.**
4. **The Accounts Payable balance should be in the Credit column.**
5. **The Dividends balance should be in the Debit column.**
6. **The Advertising Expense balance should be in the Debit column.**

**A corrected trial balance would be as follows:**

| Ensemble Co.<br>Unadjusted Trial Balance<br>December 31, 20Y8 | | |
|---|---|---|
| | Debit Balances | Credit Balances |
| Cash | 42,900 | |
| Accounts Receivable | 123,500 | |
| Prepaid Insurance | 27,000 | |
| Equipment | 300,000 | |
| Accounts Payable | | 52,000 |
| Salaries Payable | | 4,800 |
| Common Stock | | 40,000 |
| Retained Earnings | | 137,200 |
| Dividends | 5,000 | |
| Service Revenue | | 1,216,000 |
| Salary Expense | 660,000 | |
| Advertising Expense | 275,000 | |
| Miscellaneous Expense | 16,600 | |
| | 1,450,000 | 1,450,000 |

**Ex. 2–21**

a. **The correction could be made with one or two entries as follows:**

| | | |
|---|---|---|
| Prepaid Insurance | 36,000 | |
| Insurance Expense | | 18,000 |
| Cash | | 18,000 |

**or (reverse original entry)**

| | | |
|---|---|---|
| Prepaid Insurance | 18,000 | |
| Insurance Expense | | 18,000 |
| | | |
| Prepaid Insurance | 18,000 | |
| Cash | | 18,000 |

b.

| | | |
|---|---|---|
| Dividends | 10,000 | |
| Wages Expense | | 10,000 |


© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Ex. 2–22**

**a.**

| | | |
|---|---|---|
| **Cash** | **17,600** | |
| **Fees Earned** | | **8,800** |
| **Accounts Receivable** | | **8,800** |

**b.**

| | | |
|---|---|---|
| **Accounts Payable** | **1,760** | |
| **Supplies Expense** | | **1,760** |

| | | |
|---|---|---|
| **Supplies** | **1,760** | |
| **Cash** | | **1,760** |

***Note:*** **The first entry reverses the original entry. The second entry is the entry that should have been made initially.**



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

## PROBLEMS

**Prob. 2–1A**

**1. and 2.**

**Cash**

| | | | |
|---|---|---|---|
| (a) | 30,000 | (b) | 2,500 |
| (g) | 9,000 | (c) | 6,000 |
| | | (e) | 2,100 |
| | | (f) | 3,600 |
| | | (h) | 2,600 |
| | | (i) | 4,000 |
| | | (j) | 1,875 |
| | | (m) | 6,000 |
| | | (n) | 1,300 |
| Bal. | 9,025 | | |

**Accounts Receivable**

| | | | |
|---|---|---|---|
| (l) | 31,400 | | |

**Supplies**

| | | | |
|---|---|---|---|
| (e) | 2,100 | | |

**Prepaid Insurance**

| | | | |
|---|---|---|---|
| (f) | 3,600 | | |

**Automobiles**

| | | | |
|---|---|---|---|
| (c) | 28,500 | | |

**Equipment**

| | | | |
|---|---|---|---|
| (d) | 8,000 | | |

**Notes Payable**

| | | | |
|---|---|---|---|
| (j) | 1,875 | (c) | 22,500 |
| | | Bal. | 20,625 |

**Accounts Payable**

| | | | |
|---|---|---|---|
| (i) | 4,000 | (d) | 8,000 |
| | | (k) | 5,500 |
| | | Bal. | 9,500 |

**Common Stock**

| | | | |
|---|---|---|---|
| | | (a) | 30,000 |

**Professional Fees**

| | | | |
|---|---|---|---|
| | | (g) | 9,000 |
| | | (l) | 31,400 |
| | | Bal. | 40,400 |

**Salary Expense**

| | | | |
|---|---|---|---|
| (m) | 6,000 | | |

**Blueprint Expense**

| | | | |
|---|---|---|---|
| (k) | 5,500 | | |

**Rent Expense**

| | | | |
|---|---|---|---|
| (b) | 2,500 | | |

**Automobile Expense**

| | | | |
|---|---|---|---|
| (n) | 1,300 | | |

**Miscellaneous Expense**

| | | | |
|---|---|---|---|
| (h) | 2,600 | | |



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–1A (Concluded)**

**3.**

| Knaus Architects<br>Unadjusted Trial Balance<br>January 31, 20Y4 | | |
|---|---|---|
| | Debit Balances | Credit Balances |
| Cash | 9,025 | |
| Accounts Receivable | 31,400 | |
| Supplies | 2,100 | |
| Prepaid Insurance | 3,600 | |
| Automobiles | 28,500 | |
| Equipment | 8,000 | |
| Notes Payable | | 20,625 |
| Accounts Payable | | 9,500 |
| Common Stock | | 30,000 |
| Professional Fees | | 40,400 |
| Salary Expense | 6,000 | |
| Blueprint Expense | 5,500 | |
| Rent Expense | 2,500 | |
| Automobile Expense | 1,300 | |
| Miscellaneous Expense | 2,600 | |
| | 100,525 | 100,525 |

**4. Net income, $22,500 ($40,400 – $6,000 – $5,500 – $2,500 – $1,300 – $2,600)**



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–2A**

**1.**

| | | | |
|---|---|---|---|
| (a) | Cash | 40,000 | |
| | Common Stock | | 40,000 |
| (b) | Rent Expense | 4,800 | |
| | Cash | | 4,800 |
| (c) | Supplies | 2,150 | |
| | Accounts Payable | | 2,150 |
| (d) | Accounts Payable | 1,100 | |
| | Cash | | 1,100 |
| (e) | Cash | 18,750 | |
| | Sales Commissions | | 18,750 |
| (f) | Automobile Expense | 1,580 | |
| | Miscellaneous Expense | 800 | |
| | Cash | | 2,380 |
| (g) | Office Salaries Expense | 3,500 | |
| | Cash | | 3,500 |
| (h) | Supplies Expense | 1,300 | |
| | Supplies | | 1,300 |
| (i) | Dividends | 1,500 | |
| | Cash | | 1,500 |


© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–2A (Continued)**

**2.**

**Cash**

| | | | |
|---|---|---|---|
| (a) | 40,000 | (b) | 4,800 |
| (e) | 18,750 | (d) | 1,100 |
| | | (f) | 2,380 |
| | | (g) | 3,500 |
| | | (i) | 1,500 |
| Bal. | 45,470 | | |

**Sales Commissions**

| | | | |
|---|---|---|---|
| | | (e) | 18,750 |

**Rent Expense**

| | | | |
|---|---|---|---|
| (b) | 4,800 | | |

**Supplies**

| | | | |
|---|---|---|---|
| (c) | 2,150 | (h) | 1,300 |
| Bal. | 850 | | |

**Office Salaries Expense**

| | | | |
|---|---|---|---|
| (g) | 3,500 | | |

**Accounts Payable**

| | | | |
|---|---|---|---|
| (d) | 1,100 | (c) | 2,150 |
| | | Bal. | 1,050 |

**Automobile Expense**

| | | | |
|---|---|---|---|
| (f) | 1,580 | | |

**Common Stock**

| | | | |
|---|---|---|---|
| | | (a) | 40,000 |

**Supplies Expense**

| | | | |
|---|---|---|---|
| (h) | 1,300 | | |

**Dividends**

| | | | |
|---|---|---|---|
| (i) | 1,500 | | |

**Miscellaneous Expense**

| | | | |
|---|---|---|---|
| (f) | 800 | | |



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–2A (Concluded)**

**3.**

| Affordable Realty<br>Unadjusted Trial Balance<br>October 31, 20Y6 | | |
|---|---|---|
| | Debit Balances | Credit Balances |
| Cash | 45,470 | |
| Supplies | 850 | |
| Accounts Payable | | 1,050 |
| Common Stock | | 40,000 |
| Dividends | 1,500 | |
| Sales Commissions | | 18,750 |
| Rent Expense | 4,800 | |
| Office Salaries Expense | 3,500 | |
| Automobile Expense | 1,580 | |
| Supplies Expense | 1,300 | |
| Miscellaneous Expense | 800 | |
| | 59,800 | 59,800 |
| | | |

**4.** **a.** **$18,750**
**b.** **$11,980 ($4,800 + $3,500 + $1,580 + $1,300 + $800)**
**c.** **$6,770 ($18,750 – $11,980)**

**5.** **$5,270, which is the excess of net income of $6,770 over the dividends of $1,500.**


© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–3A**

**1.**

**JOURNAL** Page 1

| Date | | Description | Post. Ref. | Debit | Credit |
|---|---|---|---|---|---|
| 20Y9 | | | | | |
| Nov. | 1 | Cash | 11 | 50,000 | |
| | | Common Stock | 31 | | 50,000 |
| | | | | | |
| | 1 | Rent Expense | 53 | 4,000 | |
| | | Cash | 11 | | 4,000 |
| | | | | | |
| | 6 | Equipment | 16 | 15,000 | |
| | | Accounts Payable | 22 | | 15,000 |
| | | | | | |
| | 8 | Truck | 18 | 38,500 | |
| | | Cash | 11 | | 5,000 |
| | | Notes Payable | 21 | | 33,500 |
| | | | | | |
| | 10 | Supplies | 13 | 1,750 | |
| | | Cash | 11 | | 1,750 |
| | | | | | |
| | 12 | Cash | 11 | 11,500 | |
| | | Fees Earned | 41 | | 11,500 |
| | | | | | |
| | 15 | Prepaid Insurance | 14 | 2,400 | |
| | | Cash | 11 | | 2,400 |
| | | | | | |
| | 23 | Accounts Receivable | 12 | 22,300 | |
| | | Fees Earned | 41 | | 22,300 |
| | | | | | |
| | 24 | Truck Expense | 55 | 1,250 | |
| | | Accounts Payable | 22 | | 1,250 |

**JOURNAL** Page 2

| Date | | Description | Post. Ref. | Debit | Credit |
|---|---|---|---|---|---|
| 20Y9 | | | | | |
| Nov. | 29 | Utilities Expense | 54 | 4,500 | |
| | | Cash | 11 | | 4,500 |
| | | | | | |
| | 29 | Miscellaneous Expense | 59 | 1,000 | |
| | | Cash | 11 | | 1,000 |



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–3A (Continued)**

^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^

| | | | | | |
|---|---|---|---|---|---|
| | 30 | Cash | 11 | 9,000 | |
| | | Accounts Receivable | 12 | | 9,000 |
| | | | | | |
| | 30 | Wages Expense | 51 | 6,800 | |
| | | Cash | 11 | | 6,800 |
| | | | | | |
| | 30 | Accounts Payable | 22 | 3,000 | |
| | | Cash | 11 | | 3,000 |
| | | | | | |
| | 30 | Dividends | 33 | 2,500 | |
| | | Cash | 11 | | 2,500 |

2.

## GENERAL LEDGER

Account: Cash — Account No. 11

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y9 | | | | | | | |
| Nov. | 1 | | 1 | 50,000 | | 50,000 | |
| | 1 | | 1 | | 4,000 | 46,000 | |
| | 8 | | 1 | | 5,000 | 41,000 | |
| | 10 | | 1 | | 1,750 | 39,250 | |
| | 12 | | 1 | 11,500 | | 50,750 | |
| | 15 | | 1 | | 2,400 | 48,350 | |
| | 29 | | 2 | | 4,500 | 43,850 | |
| | 29 | | 2 | | 1,000 | 42,850 | |
| | 30 | | 2 | 9,000 | | 51,850 | |
| | 30 | | 2 | | 6,800 | 45,050 | |
| | 30 | | 2 | | 3,000 | 42,050 | |
| | 30 | | 2 | | 2,500 | 39,550 | |

Account: Accounts Receivable — Account No. 12

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y9 | | | | | | | |
| Nov. | 23 | | 1 | 22,300 | | 22,300 | |
| | 30 | | 2 | | 9,000 | 13,300 | |



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–3A (Continued)**

Account: **Supplies** Account No. **13**

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y9 | | | | | | | |
| Nov. | 10 | | 1 | 1,750 | | 1,750 | |

Account: **Prepaid Insurance** Account No. **14**

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y9 | | | | | | | |
| Nov. | 15 | | 1 | 2,400 | | 2,400 | |

Account: **Equipment** Account No. **16**

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y9 | | | | | | | |
| Nov. | 6 | | 1 | 15,000 | | 15,000 | |

Account: **Truck** Account No. **18**

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y9 | | | | | | | |
| Nov. | 8 | | 1 | 38,500 | | 38,500 | |

Account: **Notes Payable** Account No. **21**

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y9 | | | | | | | |
| Nov. | 8 | | 1 | | 33,500 | | 33,500 |

Account: **Accounts Payable** Account No. **22**

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y9 | | | | | | | |
| Nov. | 6 | | 1 | | 15,000 | | 15,000 |
| | 24 | | 1 | | 1,250 | | 16,250 |
| | 30 | | 2 | 3,000 | | | 13,250 |



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–3A (Continued)**

Account: Common Stock Account No. 31

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y9 | | | | | | | |
| Nov. | 1 | | 1 | | 50,000 | | 50,000 |

Account: Dividends Account No. 33

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y9 | | | | | | | |
| Nov. | 30 | | 2 | 2,500 | | 2,500 | |

Account: Fees Earned Account No. 41

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y9 | | | | | | | |
| Nov. | 12 | | 1 | | 11,500 | | 11,500 |
| | 23 | | 1 | | 22,300 | | 33,800 |

Account: Wages Expense Account No. 51

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y9 | | | | | | | |
| Nov. | 30 | | 2 | 6,800 | | 6,800 | |

Account: Rent Expense Account No. 53

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y9 | | | | | | | |
| Nov. | 1 | | 1 | 4,000 | | 4,000 | |

Account: Utilities Expense Account No. 54

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y9 | | | | | | | |
| Nov. | 29 | | 2 | 4,500 | | 4,500 | |



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–3A (Continued)**

**Account:** Truck Expense **Account No.** 55

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y9 | | | | | | | |
| Nov. | 24 | | 1 | 1,250 | | 1,250 | |

**Account:** Miscellaneous Expense **Account No.** 59

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y9 | | | | | | | |
| Nov. | 29 | | 2 | 1,000 | | 1,000 | |



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–3A (Concluded)**

**3.**

| Heritage Designs<br>Unadjusted Trial Balance<br>November 30, 20Y9 | | | |
|---|---|---|---|
| | Account No. | Debit Balances | Credit Balances |
| Cash | 11 | 39,550 | |
| Accounts Receivable | 12 | 13,300 | |
| Supplies | 13 | 1,750 | |
| Prepaid Insurance | 14 | 2,400 | |
| Equipment | 16 | 15,000 | |
| Truck | 18 | 38,500 | |
| Notes Payable | 21 | | 33,500 |
| Accounts Payable | 22 | | 13,250 |
| Common Stock | 31 | | 50,000 |
| Dividends | 33 | 2,500 | |
| Fees Earned | 41 | | 33,800 |
| Wages Expense | 51 | 6,800 | |
| Rent Expense | 53 | 4,000 | |
| Utilities Expense | 54 | 4,500 | |
| Truck Expense | 55 | 1,250 | |
| Miscellaneous Expense | 59 | 1,000 | |
| | | 130,550 | 130,550 |
| | | | |

**4. $16,250 ($33,800 – $6,800 – $4,000 – $4,500 – $1,250 – $1,000)**

**5. Some supplies may have been used during November, but no supplies expense has been recorded.**

**As will be discussed in Chapter 3, adjustments are necessary at the end of the accounting period to bring the accounts up to date. For example, adjustments for supplies used, insurance expired, and depreciation would probably be required by Heritage Designs.**

***Note to Instructors:*** **At this point, students have not been exposed to depreciation, but some insightful students might recognize the need for recording supplies used and insurance expired. You might use this as an opportunity to discuss what is coming in Chapter 3.**


© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–4A**

**2. and 3.**

**JOURNAL** Page 18

| Date | | Description | Post. Ref. | Debit | Credit |
|---|---|---|---|---|---|
| 20Y3 | | | | | |
| Apr. | 1 | Rent Expense | 52 | 6,500 | |
| | | Cash | 11 | | 6,500 |
| | | | | | |
| | 2 | Office Supplies | 14 | 2,300 | |
| | | Accounts Payable | 21 | | 2,300 |
| | | | | | |
| | 5 | Prepaid Insurance | 13 | 6,000 | |
| | | Cash | 11 | | 6,000 |
| | | | | | |
| | 10 | Cash | 11 | 52,300 | |
| | | Accounts Receivable | 12 | | 52,300 |
| | | | | | |
| | 15 | Land | 16 | 200,000 | |
| | | Cash | 11 | | 30,000 |
| | | Notes Payable | 23 | | 170,000 |
| | | | | | |
| | 17 | Accounts Payable | 21 | 6,450 | |
| | | Cash | 11 | | 6,450 |
| | | | | | |
| | 20 | Accounts Payable | 21 | 325 | |
| | | Office Supplies | 14 | | 325 |
| | | | | | |
| | 23 | Advertising Expense | 53 | 4,300 | |
| | | Cash | 11 | | 4,300 |

**JOURNAL** Page 19

| Date | | Description | Post. Ref. | Debit | Credit |
|---|---|---|---|---|---|
| 20Y3 | | | | | |
| Apr. | 27 | Cash | 11 | 2,500 | |
| | | Salary and Commission Expense | 51 | | 2,500 |
| | | | | | |
| | 28 | Automobile Expense | 54 | 1,500 | |
| | | Cash | 11 | | 1,500 |
| | | | | | |
| | 29 | Miscellaneous Expense | 59 | 1,400 | |
| | | Cash | 11 | | 1,400 |



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–4A (Continued)**

| | | | | | |
|---|---|---|---|---|---|
| | 30 | Accounts Receivable | 12 | 57,000 | |
| | | Fees Earned | 41 | | 57,000 |
| | | | | | |
| | 30 | Salary and Commission Expense | 51 | 11,900 | |
| | | Cash | 11 | | 11,900 |
| | | | | | |
| | 30 | Dividends | 33 | 4,000 | |
| | | Cash | 11 | | 4,000 |
| | | | | | |
| | 30 | Cash | 11 | 10,000 | |
| | | Unearned Rent | 22 | | 10,000 |

**1. and 3.**

## GENERAL LEDGER

**Account:** Cash **Account No.** 11

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y3 | | | | | | | |
| Apr. | 1 | Balance | ✓ | | | 26,300 | |
| | 1 | | 18 | | 6,500 | 19,800 | |
| | 5 | | 18 | | 6,000 | 13,800 | |
| | 10 | | 18 | 52,300 | | 66,100 | |
| | 15 | | 18 | | 30,000 | 36,100 | |
| | 17 | | 18 | | 6,450 | 29,650 | |
| | 23 | | 18 | | 4,300 | 25,350 | |
| | 27 | | 19 | 2,500 | | 27,850 | |
| | 28 | | 19 | | 1,500 | 26,350 | |
| | 29 | | 19 | | 1,400 | 24,950 | |
| | 30 | | 19 | | 11,900 | 13,050 | |
| | 30 | | 19 | | 4,000 | 9,050 | |
| | 30 | | 19 | 10,000 | | 19,050 | |

**Account:** Accounts Receivable **Account No.** 12

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y3 | | | | | | | |
| Apr. | 1 | Balance | ✓ | | | 61,500 | |
| | 10 | | 18 | | 52,300 | 9,200 | |
| | 30 | | 19 | 57,000 | | 66,200 | |



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–4A (Continued)**

Account: **Prepaid Insurance** Account No. **13**

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y3 | | | | | | | |
| Apr. | 1 | Balance | ✓ | | | 3,000 | |
| | 5 | | 18 | 6,000 | | 9,000 | |

Account: **Office Supplies** Account No. **14**

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y3 | | | | | | | |
| Apr. | 1 | Balance | ✓ | | | 1,800 | |
| | 2 | | 18 | 2,300 | | 4,100 | |
| | 20 | | 18 | | 325 | 3,775 | |

Account: **Land** Account No. **16**

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y3 | | | | | | | |
| Apr. | 15 | | 18 | 200,000 | | 200,000 | |

Account: **Accounts Payable** Account No. **21**

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y3 | | | | | | | |
| Apr. | 1 | Balance | ✓ | | | | 14,000 |
| | 2 | | 18 | | 2,300 | | 16,300 |
| | 17 | | 18 | 6,450 | | | 9,850 |
| | 20 | | 18 | 325 | | | 9,525 |

Account: **Unearned Rent** Account No. **22**

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y3 | | | | | | | |
| Apr. | 30 | | 19 | | 10,000 | | 10,000 |

Account: **Notes Payable** Account No. **23**

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y3 | | | | | | | |
| Apr. | 15 | | 18 | | 170,000 | | 170,000 |



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–4A (Continued)**

Account: Common Stock Account No. 31

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y3 | | | | | | | |
| Apr. | 1 | Balance | ✓ | | | | 10,000 |

Account: Retained Earnings Account No. 32

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y3 | | | | | | | |
| Apr. | 1 | Balance | ✓ | | | | 36,000 |

Account: Dividends Account No. 33

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y3 | | | | | | | |
| Apr. | 1 | Balance | ✓ | | | 2,000 | |
| | 30 | | 19 | 4,000 | | 6,000 | |

Account: Fees Earned Account No. 41

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y3 | | | | | | | |
| Apr. | 1 | Balance | ✓ | | | | 240,000 |
| | 30 | | 19 | | 57,000 | | 297,000 |

Account: Salary and Commission Expense Account No. 51

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y3 | | | | | | | |
| Apr. | 1 | Balance | ✓ | | | 148,200 | |
| | 27 | | 19 | | 2,500 | 145,700 | |
| | 30 | | 19 | 11,900 | | 157,600 | |

Account: Rent Expense Account No. 52

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y3 | | | | | | | |
| Apr. | 1 | Balance | ✓ | | | 30,000 | |
| | 1 | | 18 | 6,500 | | 36,500 | |



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–4A (Continued)**

Account: Advertising Expense Account No. 53

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y3 | | | | | | | |
| Apr. | 1 | Balance | ✓ | | | 17,800 | |
| | 23 | | 18 | 4,300 | | 22,100 | |

Account: Automobile Expense Account No. 54

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y3 | | | | | | | |
| Apr. | 1 | Balance | ✓ | | | 5,500 | |
| | 28 | | 19 | 1,500 | | 7,000 | |

Account: Miscellaneous Expense Account No. 59

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y3 | | | | | | | |
| Apr. | 1 | Balance | ✓ | | | 3,900 | |
| | 29 | | 19 | 1,400 | | 5,300 | |

**4.**

**Elite Realty**
**Unadjusted Trial Balance**
**April 30, 20Y3**

| | Account No. | Debit Balances | Credit Balances |
|---|---|---|---|
| Cash | 11 | 19,050 | |
| Accounts Receivable | 12 | 66,200 | |
| Prepaid Insurance | 13 | 9,000 | |
| Office Supplies | 14 | 3,775 | |
| Land | 16 | 200,000 | |
| Accounts Payable | 21 | | 9,525 |
| Unearned Rent | 22 | | 10,000 |
| Notes Payable | 23 | | 170,000 |
| Common Stock | 31 | | 10,000 |
| Retained Earnings | 32 | | 36,000 |
| Dividends | 33 | 6,000 | |
| Fees Earned | 41 | | 297,000 |
| Salary and Commission Expense | 51 | 157,600 | |
| Rent Expense | 52 | 36,500 | |
| Advertising Expense | 53 | 22,100 | |
| Automobile Expense | 54 | 7,000 | |
| Miscellaneous Expense | 59 | 5,300 | |
| | | 532,525 | 532,525 |


© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–4A (Concluded)**

**5. (a) The unadjusted trial balance in (4) still balances because the debits equaled the credits in the original journal entry.**

**(b) The correcting entry for $7,200 ($19,100 – $11,900) would be as follows:**

**JOURNAL** **Page 19**

| Date | | Description | Post. Ref. | Debit | Credit |
|---|---|---|---|---|---|
| 20Y3 | | | | | |
| Apr. | 30 | Salary and Commission Expense | 51 | 7,200 | |
| | | Cash | 11 | | 7,200 |

**(c) Transposition**



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–5A**

**1.**

| The Lexington Group<br>Unadjusted Trial Balance<br>May 31, 20Y6 | | |
|---|---|---|
| | Debit Balances | Credit Balances |
| Cash | 18,750 | |
| Accounts Receivable | 53,500 | |
| Supplies | 2,225 | |
| Prepaid Insurance | 7,400 | |
| Equipment | 171,175 | |
| Notes Payable | | 45,000 |
| Accounts Payable | | 36,000 |
| Common Stock | | 50,000 |
| Retained Earnings | | 89,150 |
| Dividends | 20,000 | |
| Fees Earned | | 429,850 |
| Wages Expense | 270,000 | |
| Rent Expense | 60,300 | |
| Advertising Expense | 25,200 | |
| Gas, Electricity, and Water Expense | 16,350 | |
| Miscellaneous Expense | 5,100 | |
| | 650,000 | 650,000 |
| | | |

**Cash = $20,350 – $7,000 (a) + $5,400 (b) = $18,750**

**2. No. The trial balance indicates only that the debits and credits are equal. Any errors that have the same effect on debits and credits will not affect the balancing of the trial balance.**



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–1B**

**1. and 2.**

**Cash**

| | | | |
|---|---|---|---|
| (a) | 18,000 | (b) | 2,500 |
| (g) | 12,000 | (c) | 3,150 |
| | | (d) | 1,450 |
| | | (f) | 2,400 |
| | | (h) | 1,800 |
| | | (i) | 375 |
| | | (l) | 2,800 |
| | | (m) | 200 |
| | | (n) | 300 |
| | | (o) | 550 |
| Bal. | 14,475 | | |

**Accounts Payable**

| | | | |
|---|---|---|---|
| (h) | 1,800 | (e) | 6,500 |
| | | (j) | 2,500 |
| | | Bal. | 7,200 |

**Common Stock**

| | | | |
|---|---|---|---|
| | | (a) | 18,000 |

**Professional Fees**

| | | | |
|---|---|---|---|
| | | (g) | 12,000 |
| | | (k) | 15,650 |
| | | Bal. | 27,650 |

**Accounts Receivable**

| | |
|---|---|
| (k) | 15,650 |

**Rent Expense**

| | |
|---|---|
| (c) | 3,150 |

**Supplies**

| | |
|---|---|
| (d) | 1,450 |

**Salary Expense**

| | |
|---|---|
| (l) | 2,800 |

**Prepaid Insurance**

| | |
|---|---|
| (f) | 2,400 |

**Blueprint Expense**

| | |
|---|---|
| (j) | 2,500 |

**Automobiles**

| | |
|---|---|
| (b) | 19,500 |

**Automobile Expense**

| | |
|---|---|
| (o) | 550 |

**Equipment**

| | |
|---|---|
| (e) | 6,500 |

**Miscellaneous Expense**

| | |
|---|---|
| (i) | 375 |
| (m) | 200 |
| Bal. | 575 |

**Notes Payable**

| | | | |
|---|---|---|---|
| (n) | 300 | (b) | 17,000 |
| | | Bal. | 16,700 |



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–1B (Concluded)**

**3.**

| Jones Architects<br>Unadjusted Trial Balance<br>April 30, 20Y2 | | |
|---|---|---|
| | Debit Balances | Credit Balances |
| Cash | 14,475 | |
| Accounts Receivable | 15,650 | |
| Supplies | 1,450 | |
| Prepaid Insurance | 2,400 | |
| Automobiles | 19,500 | |
| Equipment | 6,500 | |
| Notes Payable | | 16,700 |
| Accounts Payable | | 7,200 |
| Common Stock | | 18,000 |
| Professional Fees | | 27,650 |
| Rent Expense | 3,150 | |
| Salary Expense | 2,800 | |
| Blueprint Expense | 2,500 | |
| Automobile Expense | 550 | |
| Miscellaneous Expense | 575 | |
| | 69,550 | 69,550 |

**4. Net income, $18,075 ($27,650 – $3,150 – $2,800 – $2,500 – $550 – $575)**



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–2B**

**1.**

| | | | |
|---|---|---|---|
| (a) | Cash | 17,500 | |
| | Common Stock | | 17,500 |
| (b) | Supplies | 2,300 | |
| | Accounts Payable | | 2,300 |
| (c) | Cash | 13,300 | |
| | Sales Commissions | | 13,300 |
| (d) | Rent Expense | 3,000 | |
| | Cash | | 3,000 |
| (e) | Accounts Payable | 1,150 | |
| | Cash | | 1,150 |
| (f) | Dividends | 1,800 | |
| | Cash | | 1,800 |
| (g) | Automobile Expense | 1,500 | |
| | Miscellaneous Expense | 400 | |
| | Cash | | 1,900 |
| (h) | Office Salaries Expense | 2,800 | |
| | Cash | | 2,800 |
| (i) | Supplies Expense | 1,050 | |
| | Supplies | | 1,050 |


© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–2B (Continued)**

**2.**

**Cash**

| | | | |
|---|---|---|---|
| (a) | 17,500 | (d) | 3,000 |
| (c) | 13,300 | (e) | 1,150 |
| | | (f) | 1,800 |
| | | (g) | 1,900 |
| | | (h) | 2,800 |
| Bal. | 20,150 | | |

**Sales Commissions**

| | | | |
|---|---|---|---|
| | | (c) | 13,300 |

**Rent Expense**

| | | | |
|---|---|---|---|
| (d) | 3,000 | | |

**Supplies**

| | | | |
|---|---|---|---|
| (b) | 2,300 | (i) | 1,050 |
| Bal. | 1,250 | | |

**Office Salaries Expense**

| | | | |
|---|---|---|---|
| (h) | 2,800 | | |

**Accounts Payable**

| | | | |
|---|---|---|---|
| (e) | 1,150 | (b) | 2,300 |
| | | Bal. | 1,150 |

**Automobile Expense**

| | | | |
|---|---|---|---|
| (g) | 1,500 | | |

**Common Stock**

| | | | |
|---|---|---|---|
| | | (a) | 17,500 |

**Supplies Expense**

| | | | |
|---|---|---|---|
| (i) | 1,050 | | |

**Dividends**

| | | | |
|---|---|---|---|
| (f) | 1,800 | | |

**Miscellaneous Expense**

| | | | |
|---|---|---|---|
| (g) | 400 | | |



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–2B (Concluded)**

**3.**

| Planet Realty<br>Unadjusted Trial Balance<br>August 31, 20Y7 | | |
|---|---|---|
| | Debit Balances | Credit Balances |
| Cash | 20,150 | |
| Supplies | 1,250 | |
| Accounts Payable | | 1,150 |
| Common Stock | | 17,500 |
| Dividends | 1,800 | |
| Sales Commissions | | 13,300 |
| Rent Expense | 3,000 | |
| Office Salaries Expense | 2,800 | |
| Automobile Expense | 1,500 | |
| Supplies Expense | 1,050 | |
| Miscellaneous Expense | 400 | |
| | 31,950 | 31,950 |
| | | |

**4.** **a. $13,300**
**b. $8,750 ($3,000 + $2,800 + $1,500 + $1,050 + $400)**
**c. $4,550 ($13,300 – $8,750)**

**5. $2,750, which is the excess of net income of $4,550 over the dividends of $1,800.**


© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–3B**

**1.**

**JOURNAL** Page 1

| Date | | Description | Post. Ref. | Debit | Credit |
|---|---|---|---|---|---|
| 20Y4 | | | | | |
| Oct. | 1 | Cash | 11 | 18,000 | |
| | | Common Stock | 31 | | 18,000 |
| | | | | | |
| | 4 | Rent Expense | 53 | 3,000 | |
| | | Cash | 11 | | 3,000 |
| | | | | | |
| | 10 | Truck | 18 | 23,750 | |
| | | Cash | 11 | | 3,750 |
| | | Notes Payable | 21 | | 20,000 |
| | | | | | |
| | 13 | Equipment | 16 | 10,500 | |
| | | Accounts Payable | 22 | | 10,500 |
| | | | | | |
| | 14 | Supplies | 13 | 2,100 | |
| | | Cash | 11 | | 2,100 |
| | | | | | |
| | 15 | Prepaid Insurance | 14 | 3,600 | |
| | | Cash | 11 | | 3,600 |
| | | | | | |
| | 15 | Cash | 11 | 8,950 | |
| | | Fees Earned | 41 | | 8,950 |

**JOURNAL** Page 2

| Date | | Description | Post. Ref. | Debit | Credit |
|---|---|---|---|---|---|
| 20Y4 | | | | | |
| Oct. | 21 | Accounts Payable | 22 | 2,000 | |
| | | Cash | 11 | | 2,000 |
| | | | | | |
| | 24 | Accounts Receivable | 12 | 14,150 | |
| | | Fees Earned | 41 | | 14,150 |
| | | | | | |
| | 26 | Truck Expense | 55 | 700 | |
| | | Accounts Payable | 22 | | 700 |
| | | | | | |
| | 27 | Utilities Expense | 54 | 2,240 | |
| | | Cash | 11 | | 2,240 |



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–3B (Continued)**

^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^

| | | | | | |
|---|---|---|---|---|---|
| | 27 | Miscellaneous Expense | 59 | 1,100 | |
| | | Cash | 11 | | 1,100 |
| | | | | | |
| | 29 | Cash | 11 | 7,600 | |
| | | Accounts Receivable | 12 | | 7,600 |
| | | | | | |
| | 30 | Wages Expense | 51 | 4,800 | |
| | | Cash | 11 | | 4,800 |
| | | | | | |
| | 31 | Dividends | 33 | 3,500 | |
| | | Cash | 11 | | 3,500 |

**2.**

**GENERAL LEDGER**

**Account:** Cash **Account No.** 11

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y4 | | | | | | | |
| Oct. | 1 | | 1 | 18,000 | | 18,000 | |
| | 4 | | 1 | | 3,000 | 15,000 | |
| | 10 | | 1 | | 3,750 | 11,250 | |
| | 14 | | 1 | | 2,100 | 9,150 | |
| | 15 | | 1 | | 3,600 | 5,550 | |
| | 15 | | 1 | 8,950 | | 14,500 | |
| | 21 | | 2 | | 2,000 | 12,500 | |
| | 27 | | 2 | | 2,240 | 10,260 | |
| | 27 | | 2 | | 1,100 | 9,160 | |
| | 29 | | 2 | 7,600 | | 16,760 | |
| | 30 | | 2 | | 4,800 | 11,960 | |
| | 31 | | 2 | | 3,500 | 8,460 | |

**Account:** Accounts Receivable **Account No.** 12

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y4 | | | | | | | |
| Oct. | 24 | | 2 | 14,150 | | 14,150 | |
| | 29 | | 2 | | 7,600 | 6,550 | |



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–3B (Continued)**

Account: Supplies Account No. 13

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y4 | | | | | | | |
| Oct. | 14 | | 1 | 2,100 | | 2,100 | |

Account: Prepaid Insurance Account No. 14

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y4 | | | | | | | |
| Oct. | 15 | | 1 | 3,600 | | 3,600 | |

Account: Equipment Account No. 16

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y4 | | | | | | | |
| Oct. | 13 | | 1 | 10,500 | | 10,500 | |

Account: Truck Account No. 18

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y4 | | | | | | | |
| Oct. | 10 | | 1 | 23,750 | | 23,750 | |

Account: Notes Payable Account No. 21

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y4 | | | | | | | |
| Oct. | 10 | | 1 | | 20,000 | | 20,000 |

Account: Accounts Payable Account No. 22

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y4 | | | | | | | |
| Oct. | 13 | | 1 | | 10,500 | | 10,500 |
| | 21 | | 2 | 2,000 | | | 8,500 |
| | 26 | | 2 | | 700 | | 9,200 |



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–3B (Continued)**

Account: Common Stock Account No. 31

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y4 | | | | | | | |
| Oct. | 1 | | 1 | | 18,000 | | 18,000 |

Account: Dividends Account No. 33

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y4 | | | | | | | |
| Oct. | 31 | | 2 | 3,500 | | 3,500 | |

Account: Fees Earned Account No. 41

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y4 | | | | | | | |
| Oct. | 15 | | 1 | | 8,950 | | 8,950 |
| | 24 | | 2 | | 14,150 | | 23,100 |

Account: Wages Expense Account No. 51

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y4 | | | | | | | |
| Oct. | 30 | | 2 | 4,800 | | 4,800 | |

Account: Rent Expense Account No. 53

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y4 | | | | | | | |
| Oct. | 4 | | 1 | 3,000 | | 3,000 | |

Account: Utilities Expense Account No. 54

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y4 | | | | | | | |
| Oct. | 27 | | 2 | 2,240 | | 2,240 | |


© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–3B (Continued)**

**Account:** Truck Expense **Account No.** 55

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y4 | | | | | | | |
| Oct. | 26 | | 2 | 700 | | 700 | |

**Account:** Miscellaneous Expense **Account No.** 59

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y4 | | | | | | | |
| Oct. | 27 | | 2 | 1,100 | | 1,100 | |



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–3B (Concluded)**

**3.**

| Pioneer Designs<br>Unadjusted Trial Balance<br>October 31, 20Y4 | | | |
|---|---|---|---|
| | Account No. | Debit Balances | Credit Balances |
| Cash | 11 | 8,460 | |
| Accounts Receivable | 12 | 6,550 | |
| Supplies | 13 | 2,100 | |
| Prepaid Insurance | 14 | 3,600 | |
| Equipment | 16 | 10,500 | |
| Truck | 18 | 23,750 | |
| Notes Payable | 21 | | 20,000 |
| Accounts Payable | 22 | | 9,200 |
| Common Stock | 31 | | 18,000 |
| Dividends | 33 | 3,500 | |
| Fees Earned | 41 | | 23,100 |
| Wages Expense | 51 | 4,800 | |
| Rent Expense | 53 | 3,000 | |
| Utilities Expense | 54 | 2,240 | |
| Truck Expense | 55 | 700 | |
| Miscellaneous Expense | 59 | 1,100 | |
| | | 70,300 | 70,300 |

**4. $11,260 ($23,100 – $4,800 – $3,000 – $2,240 – $700 – $1,100)**

**5. Some supplies may have been used during October, but no supplies expense has been recorded.**

**As will be discussed in Chapter 3, adjustments are necessary at the end of the accounting period to bring the accounts up to date. For example, adjustments for supplies used, insurance expired, and depreciation would probably be required by Pioneer Designs.**

***Note to Instructors:*** **At this point, students have not been exposed to depreciation, but some insightful students might recognize the need for recording supplies used and insurance expired. You might use this as an opportunity to discuss what is coming in Chapter 3.**


© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–4B**

**2. and 3.**

**JOURNAL** Page 18

| Date | | Description | Post. Ref. | Debit | Credit |
|---|---|---|---|---|---|
| 20Y8 | | | | | |
| Aug. | 1 | Office Supplies | 14 | 3,150 | |
| | | Accounts Payable | 21 | | 3,150 |
| | | | | | |
| | 2 | Rent Expense | 52 | 7,200 | |
| | | Cash | 11 | | 7,200 |
| | | | | | |
| | 3 | Cash | 11 | 83,900 | |
| | | Accounts Receivable | 12 | | 83,900 |
| | | | | | |
| | 5 | Prepaid Insurance | 13 | 12,000 | |
| | | Cash | 11 | | 12,000 |
| | | | | | |
| | 9 | Accounts Payable | 21 | 400 | |
| | | Office Supplies | 14 | | 400 |
| | | | | | |
| | 17 | Advertising Expense | 53 | 8,000 | |
| | | Cash | 11 | | 8,000 |
| | | | | | |
| | 23 | Accounts Payable | 21 | 13,750 | |
| | | Cash | 11 | | 13,750 |

**JOURNAL** Page 19

| Date | | Description | Post. Ref. | Debit | Credit |
|---|---|---|---|---|---|
| 20Y8 | | | | | |
| Aug. | 29 | Miscellaneous Expense | 59 | 1,700 | |
| | | Cash | 11 | | 1,700 |
| | | | | | |
| | 30 | Automobile Expense | 54 | 2,500 | |
| | | Cash | 11 | | 2,500 |
| | | | | | |
| | 31 | Cash | 11 | 2,000 | |
| | | Salary and Commission Expense | 51 | | 2,000 |
| | | | | | |
| | 31 | Salary and Commission Expense | 51 | 53,000 | |
| | | Cash | 11 | | 53,000 |



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–4B (Continued)**

^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^^

| | | | | | |
|---|---|---|---|---|---|
| | 31 | Accounts Receivable | 12 | 183,500 | |
| | | Fees Earned | 41 | | 183,500 |
| | | | | | |
| | 31 | Land | 16 | 75,000 | |
| | | Cash | 11 | | 7,500 |
| | | Notes Payable | 23 | | 67,500 |
| | | | | | |
| | 31 | Dividends | 33 | 1,000 | |
| | | Cash | 11 | | 1,000 |
| | | | | | |
| | 31 | Cash | 11 | 5,000 | |
| | | Unearned Rent | 22 | | 5,000 |

**1. and 3.**

**GENERAL LEDGER**

**Account:** Cash **Account No.** 11

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y8 | | | | | | | |
| Aug. | 1 | Balance | ✓ | | | 52,500 | |
| | 2 | | 18 | | 7,200 | 45,300 | |
| | 3 | | 18 | 83,900 | | 129,200 | |
| | 5 | | 18 | | 12,000 | 117,200 | |
| | 17 | | 18 | | 8,000 | 109,200 | |
| | 23 | | 18 | | 13,750 | 95,450 | |
| | 29 | | 19 | | 1,700 | 93,750 | |
| | 30 | | 19 | | 2,500 | 91,250 | |
| | 31 | | 19 | 2,000 | | 93,250 | |
| | 31 | | 19 | | 53,000 | 40,250 | |
| | 31 | | 19 | | 7,500 | 32,750 | |
| | 31 | | 19 | | 1,000 | 31,750 | |
| | 31 | | 19 | 5,000 | | 36,750 | |

**Account:** Accounts Receivable **Account No.** 12

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y8 | | | | | | | |
| Aug. | 1 | Balance | ✓ | | | 100,100 | |
| | 3 | | 18 | | 83,900 | 16,200 | |
| | 31 | | 19 | 183,500 | | 199,700 | |


© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–4B (Continued)**

**Account:** Prepaid Insurance **Account No.** 13

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y8 | | | | | | | |
| Aug. | 1 | Balance | ✓ | | | 12,600 | |
| | 5 | | 18 | 12,000 | | 24,600 | |

**Account:** Office Supplies **Account No.** 14

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y8 | | | | | | | |
| Aug. | 1 | Balance | ✓ | | | 2,800 | |
| | 1 | | 18 | 3,150 | | 5,950 | |
| | 9 | | 18 | | 400 | 5,550 | |

**Account:** Land **Account No.** 16

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y8 | | | | | | | |
| Aug. | 31 | | 19 | 75,000 | | 75,000 | |

**Account:** Accounts Payable **Account No.** 21

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y8 | | | | | | | |
| Aug. | 1 | Balance | ✓ | | | | 21,000 |
| | 1 | | 18 | | 3,150 | | 24,150 |
| | 9 | | 18 | 400 | | | 23,750 |
| | 23 | | 18 | 13,750 | | | 10,000 |

**Account:** Unearned Rent **Account No.** 22

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y8 | | | | | | | |
| Aug. | 31 | | 19 | | 5,000 | | 5,000 |

**Account:** Notes Payable **Account No.** 23

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y8 | | | | | | | |
| Aug. | 31 | | 19 | | 67,500 | | 67,500 |



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–4B (Continued)**

Account: Common Stock Account No. 31

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y8 | | | | | | | |
| Aug. | 1 | Balance | ✓ | | | | 17,500 |

Account: Retained Earnings Account No. 32

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y8 | | | | | | | |
| Aug. | 1 | Balance | ✓ | | | | 70,000 |

Account: Dividends Account No. 33

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y8 | | | | | | | |
| Aug. | 1 | Balance | ✓ | | | 44,800 | |
| | 31 | | 19 | 1,000 | | 45,800 | |

Account: Fees Earned Account No. 41

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y8 | | | | | | | |
| Aug. | 1 | Balance | ✓ | | | | 591,500 |
| | 31 | | 19 | | 183,500 | | 775,000 |

Account: Salary and Commission Expense Account No. 51

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y8 | | | | | | | |
| Aug. | 1 | Balance | ✓ | | | 385,000 | |
| | 31 | | 19 | | 2,000 | 383,000 | |
| | 31 | | 19 | 53,000 | | 436,000 | |

Account: Rent Expense Account No. 52

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y8 | | | | | | | |
| Aug. | 1 | Balance | ✓ | | | 49,000 | |
| | 2 | | 18 | 7,200 | | 56,200 | |



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–4B (Continued)**

Account: **Advertising Expense** Account No. **53**

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y8 | | | | | | | |
| Aug. | 1 | Balance | ✓ | | | 32,200 | |
| | 17 | | 18 | 8,000 | | 40,200 | |

Account: **Automobile Expense** Account No. **54**

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y8 | | | | | | | |
| Aug. | 1 | Balance | ✓ | | | 15,750 | |
| | 30 | | 19 | 2,500 | | 18,250 | |

Account: **Miscellaneous Expense** Account No. **59**

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y8 | | | | | | | |
| Aug. | 1 | Balance | ✓ | | | 5,250 | |
| | 29 | | 19 | 1,700 | | 6,950 | |



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–4B (Concluded)**

**4.**

| Valley Realty<br>Unadjusted Trial Balance<br>August 31, 20Y8 | | | |
|---|---|---|---|
| | Account No. | Debit Balances | Credit Balances |
| Cash | 11 | 36,750 | |
| Accounts Receivable | 12 | 199,700 | |
| Prepaid Insurance | 13 | 24,600 | |
| Office Supplies | 14 | 5,550 | |
| Land | 16 | 75,000 | |
| Accounts Payable | 21 | | 10,000 |
| Unearned Rent | 22 | | 5,000 |
| Notes Payable | 23 | | 67,500 |
| Common Stock | 31 | | 17,500 |
| Retained Earnings | 32 | | 70,000 |
| Dividends | 33 | 45,800 | |
| Fees Earned | 41 | | 775,000 |
| Salary and Commission Expense | 51 | 436,000 | |
| Rent Expense | 52 | 56,200 | |
| Advertising Expense | 53 | 40,200 | |
| Automobile Expense | 54 | 18,250 | |
| Miscellaneous Expense | 59 | 6,950 | |
| | | 945,000 | 945,000 |

**5. (a) The unadjusted trial balance in (4) still balances because the debits equaled the credits in the original journal entry.**

**(b) The correcting entry for $9,000 ($10,000 – $1,000) would be as follows:**

**JOURNAL** Page 19

| Date | | Description | Post. Ref. | Debit | Credit |
|---|---|---|---|---|---|
| 20Y8 | | | | | |
| Aug. | 31 | Dividends | 33 | 9,000 | |
| | | Cash | 11 | | 9,000 |

**(c) Slide**



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Prob. 2–5B**

**1.**

| Tech Support Services<br>Unadjusted Trial Balance<br>January 31, 20Y5 | | |
|---|---|---|
| | Debit Balances | Credit Balances |
| Cash | 20,250 | |
| Accounts Receivable | 56,400 | |
| Supplies | 6,750 | |
| Prepaid Insurance | 9,600 | |
| Equipment | 162,000 | |
| Notes Payable | | 54,000 |
| Accounts Payable | | 16,650 |
| Common Stock | | 18,000 |
| Retained Earnings | | 89,850 |
| Dividends | 39,000 | |
| Fees Earned | | 534,000 |
| Wages Expense | 306,000 | |
| Rent Expense | 62,550 | |
| Advertising Expense | 28,350 | |
| Gas, Electricity, and Water Expense | 17,000 | |
| Miscellaneous Expense | 4,600 | |
| | 712,500 | 712,500 |
| | | |

**Cash = $25,550 – $8,000 (a) + $2,700 (b)**

**2. No. The trial balance indicates only that the debits and credits are equal. Any errors that have the same effect on debits and credits will not affect the balancing of the trial balance.**



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

## CONTINUING PROBLEM

**2. and 3.**

**JOURNAL** Page 1

| Date | | Description | Post. Ref. | Debit | Credit |
|---|---|---|---|---|---|
| 20Y5 | | | | | |
| July | 1 | Cash | 11 | 5,000 | |
| | | Common Stock | 31 | | 5,000 |
| | | | | | |
| | 1 | Office Rent Expense | 51 | 1,750 | |
| | | Cash | 11 | | 1,750 |
| | | | | | |
| | 1 | Prepaid Insurance | 15 | 2,700 | |
| | | Cash | 11 | | 2,700 |
| | | | | | |
| | 2 | Cash | 11 | 1,000 | |
| | | Accounts Receivable | 12 | | 1,000 |
| | | | | | |
| | 3 | Cash | 11 | 7,200 | |
| | | Unearned Revenue | 23 | | 7,200 |
| | | | | | |
| | 3 | Accounts Payable | 21 | 250 | |
| | | Cash | 11 | | 250 |
| | | | | | |
| | 4 | Miscellaneous Expense | 59 | 900 | |
| | | Cash | 11 | | 900 |
| | | | | | |
| | 5 | Office Equipment | 17 | 7,500 | |
| | | Accounts Payable | 21 | | 7,500 |
| | | | | | |
| | 8 | Advertising Expense | 55 | 200 | |
| | | Cash | 11 | | 200 |
| | | | | | |
| | 11 | Cash | 11 | 1,000 | |
| | | Fees Earned | 41 | | 1,000 |
| | | | | | |
| | 13 | Equipment Rent Expense | 52 | 700 | |
| | | Cash | 11 | | 700 |
| | | | | | |
| | 14 | Wages Expense | 50 | 1,200 | |
| | | Cash | 11 | | 1,200 |



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Continuing Problem (Continued)**

**2. and 3.**

**JOURNAL** Page 2

| Date | | Description | Post. Ref. | Debit | Credit |
|---|---|---|---|---|---|
| 20Y5 | | | | | |
| July | 16 | Cash | 11 | 2,000 | |
| | | Fees Earned | 41 | | 2,000 |
| | | | | | |
| | 18 | Supplies | 14 | 850 | |
| | | Accounts Payable | 21 | | 850 |
| | | | | | |
| | 21 | Music Expense | 54 | 620 | |
| | | Cash | 11 | | 620 |
| | | | | | |
| | 22 | Advertising Expense | 55 | 800 | |
| | | Cash | 11 | | 800 |
| | | | | | |
| | 23 | Cash | 11 | 750 | |
| | | Accounts Receivable | 12 | 1,750 | |
| | | Fees Earned | 41 | | 2,500 |
| | | | | | |
| | 27 | Utilities Expense | 53 | 915 | |
| | | Cash | 11 | | 915 |
| | | | | | |
| | 28 | Wages Expense | 50 | 1,200 | |
| | | Cash | 11 | | 1,200 |
| | | | | | |
| | 29 | Miscellaneous Expense | 59 | 540 | |
| | | Cash | 11 | | 540 |
| | | | | | |
| | 30 | Cash | 11 | 500 | |
| | | Accounts Receivable | 12 | 1,000 | |
| | | Fees Earned | 41 | | 1,500 |
| | | | | | |
| | 31 | Cash | 11 | 3,000 | |
| | | Fees Earned | 41 | | 3,000 |
| | | | | | |
| | 31 | Music Expense | 54 | 1,400 | |
| | | Cash | 11 | | 1,400 |
| | | | | | |
| | 31 | Dividends | 33 | 1,250 | |
| | | Cash | 11 | | 1,250 |



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Continuing Problem (Continued)**

**1. and 3.**

**Account:** Cash **Account No.** 11

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y5 | | | | | | | |
| July | 1 | Balance | ✓ | | | 3,920 | |
| | 1 | | 1 | 5,000 | | 8,920 | |
| | 1 | | 1 | | 1,750 | 7,170 | |
| | 1 | | 1 | | 2,700 | 4,470 | |
| | 2 | | 1 | 1,000 | | 5,470 | |
| | 3 | | 1 | 7,200 | | 12,670 | |
| | 3 | | 1 | | 250 | 12,420 | |
| | 4 | | 1 | | 900 | 11,520 | |
| | 8 | | 1 | | 200 | 11,320 | |
| | 11 | | 1 | 1,000 | | 12,320 | |
| | 13 | | 1 | | 700 | 11,620 | |
| | 14 | | 1 | | 1,200 | 10,420 | |
| | 16 | | 2 | 2,000 | | 12,420 | |
| | 21 | | 2 | | 620 | 11,800 | |
| | 22 | | 2 | | 800 | 11,000 | |
| | 23 | | 2 | 750 | | 11,750 | |
| | 27 | | 2 | | 915 | 10,835 | |
| | 28 | | 2 | | 1,200 | 9,635 | |
| | 29 | | 2 | | 540 | 9,095 | |
| | 30 | | 2 | 500 | | 9,595 | |
| | 31 | | 2 | 3,000 | | 12,595 | |
| | 31 | | 2 | | 1,400 | 11,195 | |
| | 31 | | 2 | | 1,250 | 9,945 | |

**Account:** Accounts Receivable **Account No.** 12

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y5 | | | | | | | |
| July | 1 | Balance | ✓ | | | 1,000 | |
| | 2 | | 1 | | 1,000 | — | — |
| | 23 | | 2 | 1,750 | | 1,750 | |
| | 30 | | 2 | 1,000 | | 2,750 | |



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Continuing Problem (Continued)**

Account: Supplies Account No. 14

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y5 | | | | | | | |
| July | 1 | Balance | ✓ | | | 170 | |
| | 18 | | 2 | 850 | | 1,020 | |

Account: Prepaid Insurance Account No. 15

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y5 | | | | | | | |
| July | 1 | | 1 | 2,700 | | 2,700 | |

Account: Office Equipment Account No. 17

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y5 | | | | | | | |
| July | 5 | | 1 | 7,500 | | 7,500 | |

Account: Accounts Payable Account No. 21

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y5 | | | | | | | |
| July | 1 | Balance | ✓ | | | | 250 |
| | 3 | | 1 | 250 | | — | — |
| | 5 | | 1 | | 7,500 | | 7,500 |
| | 18 | | 2 | | 850 | | 8,350 |

Account: Unearned Revenue Account No. 23

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y5 | | | | | | | |
| July | 3 | | 1 | | 7,200 | | 7,200 |

Account: Common Stock Account No. 31

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y5 | | | | | | | |
| July | 1 | Balance | ✓ | | | | 4,000 |
| | 1 | | 1 | | 5,000 | | 9,000 |



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Continuing Problem (Continued)**

**Account:** Dividends **Account No.** 33

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y5 | | | | | | | |
| July | 1 | Balance | ✓ | | | 500 | |
| | 31 | | 2 | 1,250 | | 1,750 | |

**Account:** Fees Earned **Account No.** 41

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y5 | | | | | | | |
| July | 1 | Balance | ✓ | | | | 6,200 |
| | 11 | | 1 | | 1,000 | | 7,200 |
| | 16 | | 2 | | 2,000 | | 9,200 |
| | 23 | | 2 | | 2,500 | | 11,700 |
| | 30 | | 2 | | 1,500 | | 13,200 |
| | 31 | | 2 | | 3,000 | | 16,200 |

**Account:** Wages Expense **Account No.** 50

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y5 | | | | | | | |
| July | 1 | Balance | ✓ | | | 400 | |
| | 14 | | 1 | 1,200 | | 1,600 | |
| | 28 | | 2 | 1,200 | | 2,800 | |

**Account:** Office Rent Expense **Account No.** 51

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y5 | | | | | | | |
| July | 1 | Balance | ✓ | | | 800 | |
| | 1 | | 1 | 1,750 | | 2,550 | |

**Account:** Equipment Rent Expense **Account No.** 52

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y5 | | | | | | | |
| July | 1 | Balance | ✓ | | | 675 | |
| | 13 | | 1 | 700 | | 1,375 | |



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Continuing Problem (Continued)**

**Account:** Utilities Expense **Account No.** 53

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y5 | | | | | | | |
| July | 1 | Balance | ✓ | | | 300 | |
| | 27 | | 2 | 915 | | 1,215 | |

**Account:** Music Expense **Account No.** 54

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y5 | | | | | | | |
| July | 1 | Balance | ✓ | | | 1,590 | |
| | 21 | | 2 | 620 | | 2,210 | |
| | 31 | | 2 | 1,400 | | 3,610 | |

**Account:** Advertising Expense **Account No.** 55

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y5 | | | | | | | |
| July | 1 | Balance | ✓ | | | 500 | |
| | 8 | | 1 | 200 | | 700 | |
| | 22 | | 2 | 800 | | 1,500 | |

**Account:** Supplies Expense **Account No.** 56

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y5 | | | | | | | |
| July | 1 | Balance | ✓ | | | 180 | |

**Account:** Miscellaneous Expense **Account No.** 59

| Date | | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|---|
| 20Y5 | | | | | | | |
| July | 1 | Balance | ✓ | | | 415 | |
| | 4 | | 1 | 900 | | 1,315 | |
| | 29 | | 2 | 540 | | 1,855 | |



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**Continuing Problem (Concluded)**

**4.**

| PS Music<br>Unadjusted Trial Balance<br>July 31, 20Y5 | | | |
|---|---|---|---|
| | Account No. | Debit Balances | Credit Balances |
| Cash | 11 | 9,945 | |
| Accounts Receivable | 12 | 2,750 | |
| Supplies | 14 | 1,020 | |
| Prepaid Insurance | 15 | 2,700 | |
| Office Equipment | 17 | 7,500 | |
| Accounts Payable | 21 | | 8,350 |
| Unearned Revenue | 23 | | 7,200 |
| Common Stock | 31 | | 9,000 |
| Dividends | 33 | 1,750 | |
| Fees Earned | 41 | | 16,200 |
| Wages Expense | 50 | 2,800 | |
| Office Rent Expense | 51 | 2,550 | |
| Equipment Rent Expense | 52 | 1,375 | |
| Utilities Expense | 53 | 1,215 | |
| Music Expense | 54 | 3,610 | |
| Advertising Expense | 55 | 1,500 | |
| Supplies Expense | 56 | 180 | |
| Miscellaneous Expense | 59 | 1,855 | |
| | | 40,750 | 40,750 |


© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

## MAKE A DECISION

**MAD 2–1**

**a.**

| Amazon.com, Inc.<br>Income Statements<br>For the Years Ended December 31<br>(in millions) | | | | |
|---|---|---|---|---|
| | | | Increase/(Decrease) | |
| | Year 2 | Year 1 | Amount | Percent |
| Revenues: | | | | |
| Product sales | $ 94,665 | $ 79,268 | $15,397 | 19.4% |
| Service sales | 41,322 | 27,738 | 13,584 | 49.0% |
| Total revenues | $ 135,987 | $ 107,006 | $28,981 | 27.1% |
| Operating expenses: | | | | |
| Cost of sales | $ (88,265) | $ (71,651) | 16,614 | 23.2% |
| Fulfillment | (17,619) | (13,410) | 4,209 | 31.4% |
| Marketing | (7,233) | (5,254) | 1,979 | 37.7% |
| Technology and content | (16,085) | (12,540) | 3,545 | 28.3% |
| General and administrative | (2,432) | (1,747) | 685 | 39.2% |
| Other operating expense (income), net | (167) | (171) | (4) | (2.3)% |
| Total operating expenses | $(131,801) | $(104,773) | $27,028 | 25.8% |
| Operating income | $ 4,186 | $ 2,233 | $ 1,953 | 87.5% |

**b.** The horizontal analysis shows that total revenues increased by 27.1% between the two years, with a strong increase in service sales. Service sales are revenues earned from Amazon's Web hosting, Web design, and order fulfillment services provided for other businesses. This part of Amazon apparently has been growing rapidly. Total operating expenses have grown by 25.8% between the two years, indicating that expenses are growing slower than revenues. The expense growth appears to be occurring across all the major expense categories. The net result is a significant increase in operating income between the two years of 87.5%. Thus, Amazon demonstrates significant revenue and operating income growth from Year 1 to Year 2.



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**MAD 2–2**

**a.**

| Chipotle Mexican Grill, Inc.<br>Income Statements<br>For the Years Ended December 31<br>(in thousands) | | | | |
|---|---|---|---|---|
| | | | Increase/(Decrease) | |
| | Year 2 | Year 1 | Amount | Percent |
| Revenue | $ 3,904,384 | $ 4,501,223 | $(596,839) | (13.3)% |
| Expenses: | | | | |
| Food, beverage, packing | $(1,365,580) | $(1,503,835) | $(138,255) | (9.2)% |
| Labor | (1,105,001) | (1,045,726) | 59,275 | 5.7% |
| Rent (occupancy) | (293,636) | (262,412) | 31,224 | 11.9% |
| General and administrative | (641,953) | (514,963) | 126,990 | 24.7% |
| Other | (463,647) | (410,698) | 52,949 | 12.9% |
| Total expenses | $(3,869,817) | $(3,737,634) | $ 132,183 | 3.5% |
| Operating income | $ 34,567 | $ 763,589 | $(729,022) | (95.5)% |
| | | | | |

**b. Revenue decreased by 13.3% in Year 2, while total expenses increased 3.5%. Food, beverage, packing expense decreased by 9.2%, while the other expenses increased from 5.7% (labor) to 24.7% (general and administrative). As a result, operating income decreased by 95.5%, a significant decrease and unfavorable result.**

**c. The significant decrease in revenue and operating income in Year 2 was caused by food-borne illnesses (E. Coli) in as many as 15 states. As a result, customers avoided Chipotle's restaurants with a related decrease in revenue. The 9.2% decrease in food, beverage, packing expense is consistent with the decrease in customers and related revenue.**



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**MAD 2–3**

**a.**

| Vera Bradley, Inc.<br>Income Statements<br>For the Years Ended January 31<br>(in millions) | | | | |
|---|---|---|---|---|
| | | | Increase/(Decrease) | |
| | Year 2 | Year 1 | Amount | Percent |
| Revenue | $ 502.6 | $ 509.0 | $ (6.4) | (1.3)% |
| Expenses: | | | | |
| Cost of merchandise sold | $(221.4) | $(240.0) | $(18.6) | (7.8)% |
| Selling, general, admin. expenses | (236.8) | (208.7) | 28.1 | 13.5% |
| Other expenses | (16.8) | (21.9) | (5.1) | (23.3)% |
| Total expenses | $(475.0) | $(470.6) | $ 4.4 | 0.9% |
| Operating income | $ 27.6 | $ 38.4 | $(10.8) | (28.1)% |

**b. Operating income decreased $10.8 million or 28.1% in Year 2. This is a significant decrease and would be viewed unfavorably by stockholders. Revenue decreased by 1.3% ($6.4 million), which was accompanied by a 7.8% ($18.6 million) decrease in cost of mechandise sold. However, selling, general, admin. expenses increased by 13.5% ($28.1 million), which was partially offset by a 23.3% ($5.1 million) decrease in other expenses.**

**MAD 2–4**

**a. 1. Revenue: $73,785 – $72,618 = $1,167**

$$\frac{\$1,167}{\$72,618} = 1.6\%$$

**2. Operating expenses: $68,875 – $68,083 = $792**

$$\frac{\$792}{\$68,083} = 1.2\%$$

**3. Operating income: $4,910 – $4,535 = $375**

$$\frac{\$375}{\$4,535} = 8.3\%$$

**b. The revenue increased by 1.6% between the two years, while the operating expenses grew by 1.2%. Thus, expenses grew less than revenues. As a result, operating income increased 8.3% in Year 2.**



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**MAD 2–5**

**a. 1. Revenue: $482,130 – $485,651 = $(3,521)**

$$\frac{\$(3{,}521)}{\$485{,}651} = (0.7)\%$$

**2. Operating expenses: $458,025 – $458,504 = $(479)**

$$\frac{\$(479)}{\$458{,}504} = (0.1)\%$$

**3. Operating income: $24,105 – $27,147 = $(3,042)**

$$\frac{\$(3{,}042)}{\$27{,}147} = (11.2)\%$$

**b. Revenue decreased by 0.7%, while operating expenses decreased only 0.1%. As a result, operating income decreased by 11.2%, which is an unfavorable change in Year 2.**

**MAD 2–6**

**Target's operating results improved from Year 1 to Year 2, while Wal-Mart's operating results declined. Specifically, Target's revenue and operating income increased by 1.6% and 8.3%. In contrast, Wal-Mart's revenue and operating income decreased by 0.7% and 11.2%.**


© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

## TAKE IT FURTHER

**TIF 2–1**

1. **No. For financial accounting information to be useful, it must accurately reflect an entity's business transactions and economic activity. For this to happen, each account must reflect the increases or decreases that result from each transaction. If the trial balance does not balance, it means that a transaction has not been accurately recorded in the accounts. By knowingly submitting a trial balance that does not accurately reflect the transactions in the accounts, Buddy is demonstrating a failure of individual character and is acting unethically.**
2. **The users of the financial information who rely upon this information will be affected, as the information will not be a faithful representation of the entity's economic activity.**
3. **Buddy should have discussed the issue with his supervisor and asked for more time to find the error.**

**TIF 2–2**

**A sample solution based on Apple Inc.'s Form 10-K for the fiscal year ended September 24, 2016, follows:**

1. **$321,686 million**
2. **$193,437**
3. **$128,249 million ($321,686 million total assets – $193,437 million total liabilities)**
4. **3**
5. **2**
6. **The income statement reports a summary of revenues and expenses for a specific period of time, such as a month or a year. The balance sheet reports a list of assets, liabilities, and stockholders' equity as of a specific date, usually at the close of the last day of a month or a year.**


© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**TIF 2–3**

***Note to Instructors:*** **The purpose of this activity is to familiarize students with the job opportunities available in accounting, and allow them to demonstrate their ability to communicate the role of accounting in the context of a specific position that requires knowledge of accounting. An example of an advertisement for such a position is shown below. Individual student answers will vary depending on the specific scenario they select.**

**ABOUT THE COMPANY**

**Our client is looking to add a Financial Analyst. With a large and growing finance team, there is significant opportunity for growth and advancement within the department. The company boasts a team-oriented culture and provides its employees with the tools and training necessary to perform. Our client is looking to bring on more of a junior-level candidate who is looking to gain experience in his or her field of study. There will be hands-on training for the role that will evolve from a data analyst into a financial analyst and will be reporting to the director of finance. Our client is in the consumer goods industry and is an international company that has multiple opportunities for growth.**

**RESPONSIBILITIES OF THE FINANCIAL ANALYST**

**The Financial Analyst will:**

- **Conduct special studies to analyze complex financial actions and prepare recommendations for policy, procedure, control, or action.**
- **Analyze financial information to determine present and future financial performance.**
- **Evaluate complex profit plans, operating records, and financial statements.**
- **Direct preparation of studies, reports, analyses, and recommendations in areas such as budgets, forecasts, financial plans, statistical reports, and business forecasts.**
- **Coordinate with all levels of management to gather, analyze, summarize, and prepare recommendations regarding financial plans, trended future requirements, and operating forecasts.**

**Source: CareerBuilder.com**



© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**TIF 2–4**

**The following general journal entry should be used to record the receipt of tuition payments received in advance of classes:**

| | | |
|---|---|---|
| **Cash……** | **XXX** | |
| **Unearned Tuition Deposits……** | | **XXX** |

**Cash is an asset account, and Unearned Tuition Deposits is a liability account. As the classes are taught throughout the term, the unearned tuition deposits become earned revenue.**

**TIF 2–5**

**The journal is called the book of original entry. It provides a time-ordered history of the transactions that have occurred for the firm. This time-ordered history is very important because it allows one to trace ledger account balances back to the original transactions that created those balances. This is called an "audit trail." If the firm recorded transactions by posting to ledgers directly, it would be nearly impossible to reconstruct actual transactions. The debits and credits would all be separated and accumulated into the ledger balances. Once the transactions become part of the ledger balances, the original transactions would be lost. That is, there would be no audit trail, and any errors that might occur in recording transactions would be almost impossible to trace. Thus, firms first record transaction debits and credits in a journal. These transactions are then posted to the ledger to update the account balances. The journal and ledger are linked using posting references. This allows an analyst to trace the transaction flow forward or backward, depending on the need.**


© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**TIF 2–6**

1. **The rules of debit and credit must be memorized. Dot is correct in that the rules of debit and credit could be reversed as long as everyone accepted and abided by the rules. However, the important point is that everyone accepts the rules as the way in which transactions should be recorded. This generates uniformity across the accounting profession and reduces errors and confusion. Because the current rules of debit and credit have been used for centuries, Dot should adapt to the current rules of debit and credit, rather than devise her own.**

   **The primary reason that all accounts do not have the same rules for increases and decreases is for control of the recording process. The double-entry accounting system, which includes both (1) the rules of debit and credit and (2) the accounting equation, guarantees that (1) debits always equal credits and (2) assets always equal liabilities plus owner's equity. If all increases in the account were recorded by debits, then the control that debits always equal credits would be removed. In addition, the control that the normal balance of assets is a debit would also be removed. The accounting equation would still hold, but the control over recording transactions would be weakened.**

   **Dot is correct that we could call the left and right sides of an account different terms, such as "LE" or "RE." Again, centuries of tradition dictate the current terminology used. One might note, however, that in Latin, *debere* (debit) means left and *credere* (credit) means right.**

2. **The accounting system may be designed to capture information about the buying habits of various customers or vendors, such as the quantity normally ordered, average amount ordered, number of returns, etc. Thus, in a sense, there can be other "sides" of (information about) a transaction that are recorded by the accounting system. Such information would be viewed as supplemental to the basic double-entry accounting system.**


© 2019 Cengage Learning. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

# CONTENTS

**Analysis Test Solutions** ..... 1

**Journals**
Revenue Journal ..... 5
Cash Receipts Journal ..... 6
Purchases Journal ..... 8
Cash Payments Journal ..... 10
General Journal ..... 12

**Ledgers**
General Ledger ..... 19
Accounts Receivable Ledger ..... 38
Accounts Payable Ledger ..... 42

**End-of-Fiscal-Period Work**
Schedule of Accounts Receivable ..... 47
Schedule of Accounts Payable ..... 47
Income Statement ..... 48
Retained Earnings Statement ..... 50
Balance Sheet ..... 51
Post-Closing Trial Balance ..... 53
Work Sheet ..... 54


© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

# CHART OF ACCOUNTS

## GENERAL LEDGER

### Balance Sheet Accounts

*Current Assets*
1110 Cash
1115 Petty Cash
1120 Accounts Receivable
1125 Allowance for Doubtful Accounts
1130 Merchandise Inventory—Computers
1135 Merchandise Inventory—Peripherals
1140 Store Supplies
1145 Office Supplies
1150 Prepaid Insurance

*Property, Plant, & Equipment*
1210 Land
1215 Building
1220 Accumulated Depreciation—Building
1225 Office Equipment
1230 Accumulated Depreciation—Office Equipment
1235 Store Equipment
1240 Accumulated Depreciation—Store Equipment

*Current Liabilities*
2110 Accounts Payable
2115 Salaries Payable
2120 Employees' Federal Income Tax Payable
2125 FICA Tax Payable
2130 State Unemployment Tax Payable
2135 Federal Unemployment Tax Payable
2140 Cash Dividends Payable
2150 Customer Refunds Payable

*Long-Term Liabilities*
2210 Notes Payable

*Stockholders' Equity*
3110 Common Stock, $10 Par
3115 Preferred 4% Stock, $100 Par
3120 Paid-In Capital in Excess of Par—Common Stock
3125 Paid-In Capital in Excess of Par—Preferred Stock
3130 Retained Earnings
3135 Cash Dividends
3140 Income Summary

### Income Statement Accounts

*Sales*
4110 Sales—Computers
4115 Sales—Peripherals
4120 Sales—Computer Servicing

*Purchases*
5110 Purchases—Computers
5115 Purchases—Peripherals
5120 Purchases Returns and Allowances
5125 Purchases Discounts
5130 Freight In

*Selling Expenses*
6110 Sales Salaries Expense
6115 Advertising Expense
6120 Depreciation Expense—Store Equipment
6125 Store Supplies Expense

*General Expenses*
6210 Officers' Salaries Expense
6215 Office Salaries Expense
6220 Payroll Taxes Expense
6225 Utilities Expense
6230 Depreciation Expense—Building
6235 Depreciation Expense—Office Equipment
6240 Repairs & Maintenance Expense
6245 Property Tax Expense
6250 Insurance Expense
6255 Uncollectible Accounts Expense
6260 Office Supplies Expense
6265 Professional Fees Expense

*Other Expenses*
7110 Interest Expense

## ACCOUNTS RECEIVABLE LEDGER

Advantage Learning Center, LLC
Amy Dillo's Grill & Bar
Gilley's Sports Bar
Green Energy Enterprises
Gulfview Realtors, Inc.
Land & Sea Builders
Lucky Dog Trainers
Nassau Bay Marina
Preston Brown, JD
South Texas Dental Group
Wekiva Water Sports, Inc.
Zack Construction Company

## ACCOUNTS PAYABLE LEDGER

D&R Computers
Kupta Store Supplies & Equipment Company
Mega Computer Supply, Inc.
Ruiz & Yee, Attorneys
Supplies R Us, Inc.


© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

# JP'S TECH SOLUTIONS SALES & SERVICES, INC.

## ANALYSIS TEST

**Name** _____ **Date** _____ **Grade** _____

### Journals

| | | |
|---|---|---|
| **1.** Total cash payments for December | $ | 54,104.07 |
| **2.** Total accounts payable in the purchases journal for December | $ | 17,601.00 |
| **3.** Total cash receipts for December | $ | 227,175.01 |
| **4.** Total accounts receivable in the revenue journal for December | $ | 20,709.76 |

### Subsidiary Ledgers

| | | |
|---|---|---|
| **5.** Amy Dillo's Grill & Bar accounts receivable balance at December 31 | $ | 11,715.00 |
| **6.** D&R Computers accounts payable balance at December 31 | $ | 12,569.25 |

### Work Sheet

| | | |
|---|---|---|
| **7.** Total amount of Trial Balance Debit column | $ | 1,329,451.84 |
| **8.** Total amount of Adjustments Credit column | $ | 384,146.17 |
| **9.** Net income for the year | $ | 54,038.44 |
| **10.** Total amount of Balance Sheet Debit column | $ | 670,322.37 |

### Income Statement

| | | |
|---|---|---|
| **11.** Total sales for the year | $ | 731,927.64 |
| **12.** Cost of merchandise sold for the year | $ | 502,148.43 |
| **13.** Total operating expenses | $ | 171,990.77 |
| **14.** Income from operations for the year | $ | 57,788.44 |

### Retained Earnings Statement

| | | |
|---|---|---|
| **15.** Net increase in retained earnings for the year | $ | 20,963.44 |
| **16.** Retained earnings, December 31, 20-- | $ | 55,618.50 |

### Balance Sheet

| | | |
|---|---|---|
| **17.** Total current assets as of December 31 | $ | 476,421.68 |
| **18.** Total property, plant, and equipment as of December 31 | $ | 122,661.94 |
| **19.** Total stockholders' equity as of December 31 | $ | 528,118.50 |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

Corporate Financial Accounting 15th edition Warren Solutions Manual

# JOURNALS

© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

Corporate Financial Accounting 15th edition Warren Solutions Manual

## REVENUE JOURNAL

PAGE 12

| | DATE | | INV NO. | ACCOUNT DEBITED | POST. REF. | ACCOUNTS RECEIVABLE DEBIT | SALES—COMPUTERS CREDIT | SALES—PERIPHERALS CREDIT | SALES—COMPUTER SERVICING CREDIT | |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 20-- | | | | | | | | | 1 |
| 2 | Dec. | 1 | 707 | South Texas Dental Group | ✓ | 1 0 4 6 64 | 5 5 0 52 | 4 9 6 12 | | 2 |
| 3 | | 3 | 708 | Green Energy Enterprises | ✓ | 4 0 2 4 12 | 4 0 2 4 12 | | | 3 |
| 4 | | 6 | 709 | Gulfview Realtors, Inc. | ✓ | 7 3 4 25 | 7 3 4 25 | | | 4 |
| 5 | | 7 | 710 | Amy Dillo's Grill & Bar | ✓ | 9 3 6 9 75 | | | 9 3 6 9 75 | 5 |
| 6 | | 3 | 711 | South Texas Dental Group | ✓ | 1 1 3 9 25 | 1 1 3 9 25 | | | 6 |
| 7 | | 9 | 712 | Gilley's Sports Bar | ✓ | 1 1 5 6 50 | | | 1 1 5 6 50 | 7 |
| 8 | | 12 | 713 | Land & Sea Builders | ✓ | 3 2 3 9 25 | 3 2 3 9 25 | | | 8 |
| 9 | | 31 | | Totals | | 20 7 0 9 76 | 9 6 8 7 39 | 4 9 6 12 | 10 5 2 6 25 | 9 |
| 10 | | | | | | (1 1 2 0) | (4 1 1 0) | (4 1 1 5) | (4 1 2 0) | 10 |
| 11 | | | | | | | | | | 11 |
| 12 | | | | | | | | | | 12 |
| 13 | | | | | | | | | | 13 |
| 14 | | | | | | | | | | 14 |
| 15 | | | | | | | | | | 15 |
| 16 | | | | | | | | | | 16 |
| 17 | | | | | | | | | | 17 |
| 18 | | | | | | | | | | 18 |
| 19 | | | | | | | | | | 19 |
| 20 | | | | | | | | | | 20 |
| 21 | | | | | | | | | | 21 |
| 22 | | | | | | | | | | 22 |
| 23 | | | | | | | | | | 23 |
| 24 | | | | | | | | | | 24 |
| 25 | | | | | | | | | | 25 |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

## CASH RECEIPTS

| | DATE | | ACCOUNT CREDITED | POST. REF. | OTHER ACCOUNTS CREDIT | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 20-- | | | | | | | | | | 1 |
| 2 | Dec. | 1 | Gulfview Realtors, Inc. | ✓ | | | | | | | 2 |
| 3 | | 3 | Cash Sales | ✓ | | | | | | | 3 |
| 4 | | 6 | Land & Sea Builders | ✓ | | | | | | | 4 |
| 5 | | 6 | Nassau Bay Marina | ✓ | | | | | | | 5 |
| 6 | | 7 | Zack Construction Company | ✓ | | | | | | | 6 |
| 7 | | 9 | Wekiva Water Sports, Inc. | ✓ | | | | | | | 7 |
| 8 | | 9 | Office Supplies | 1145 | | | | 9 | 7 | 50 | 8 |
| 9 | | 10 | Cash Sales | ✓ | | | | | | | 9 |
| 10 | | 11 | Preston Brown, JD | ✓ | | | | | | | 10 |
| 11 | | 11 | South Texas Dental Group | ✓ | | | | | | | 11 |
| 12 | | 12 | Green Energy Enterprises | ✓ | | | | | | | 12 |
| 13 | | 14 | Common Stock, $10 Par | 3110 | 10 | 0 | 0 | 0 | 0 | 00 | 13 |
| 14 | | | Paid-In Capital in Excess of Par—Common Stock | 3120 | 7 | 2 | 5 | 0 | 0 | 00 | 14 |
| 15 | | 16 | Gulfview Realtors, Inc. | ✓ | | | | | | | 15 |
| 16 | | 17 | Cash Sales | ✓ | | | | | | | 16 |
| 17 | | 18 | South Texas Dental Group | ✓ | | | | | | | 17 |
| 18 | | 24 | Cash Sales | ✓ | | | | | | | 18 |
| 19 | | 31 | Cash Sales | ✓ | | | | | | | 19 |
| 20 | | 31 | Totals | | 17 | 2 | 5 | 9 | 7 | 50 | 20 |
| 21 | | | | | | | | | | | 21 |
| 22 | | | | | | | | | | | 22 |
| 23 | | | | | | | | | | | 23 |
| 24 | | | | | | | | | | | 24 |
| 25 | | | | | | | | | | | 25 |
| 26 | | | | | | | | | | | 26 |
| 27 | | | | | | | | | | | 27 |
| 28 | | | | | | | | | | | 28 |
| 29 | | | | | | | | | | | 29 |
| 30 | | | | | | | | | | | 30 |
| 31 | | | | | | | | | | | 31 |
| 32 | | | | | | | | | | | 32 |
| 33 | | | | | | | | | | | 33 |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**JOURNAL** PAGE 12

| | SALES—COMPUTERS CREDIT | SALES—PERIPHERALS CREDIT | SALES—COMPUTER SERVICING CREDIT | ACCOUNTS RECEIVABLE CREDIT | CASH DEBIT | |
|---|---|---|---|---|---|---|
| 1 | | | | | | 1 |
| 2 | | | | 2 3 5 2 00 | 2 3 5 2 00 | 2 |
| 3 | 5 5 1 7 75 | 7 8 2 4 00 | | | 1 3 3 4 1 75 | 3 |
| 4 | | | | 1 5 4 3 50 | 1 5 4 3 50 | 4 |
| 5 | | | | 3 0 1 3 50 | 3 0 1 3 50 | 5 |
| 6 | | | | 4 1 8 9 50 | 4 1 8 9 50 | 6 |
| 7 | | | | 5 6 1 75 | 5 6 1 75 | 7 |
| 8 | | | | | 9 7 50 | 8 |
| 9 | 5 2 1 0 25 | 5 8 7 25 | 7 1 0 25 | | 6 5 0 7 75 | 9 |
| 10 | | | | 1 3 0 2 75 | 1 3 0 2 75 | 10 |
| 11 | | | | 1 0 4 6 64 | 1 0 4 6 64 | 11 |
| 12 | | | | 4 0 2 4 12 | 4 0 2 4 12 | 12 |
| 13 | | | | | | 13 |
| 14 | | | | | 17 2 5 0 0 00 | 14 |
| 15 | | | | 7 3 4 25 | 7 3 4 25 | 15 |
| 16 | 5 6 1 9 00 | 1 1 4 9 00 | 5 5 2 75 | | 7 3 2 0 75 | 16 |
| 17 | | | | 1 1 3 9 25 | 1 1 3 9 25 | 17 |
| 18 | 4 8 1 5 75 | 9 9 5 25 | | | 5 8 1 1 00 | 18 |
| 19 | 1 1 7 9 75 | 5 0 9 25 | | | 1 6 8 9 00 | 19 |
| 20 | 2 2 3 4 2 50 | 1 1 0 6 4 75 | 1 2 6 3 00 | 1 9 9 0 7 26 | 22 7 1 7 5 01 | 20 |
| 21 | (4 1 1 0) | (4 1 1 5) | (4 1 2 0) | (1 1 2 0) | (1 1 1 0) | 21 |
| 22 | | | | | | 22 |
| 23 | | | | | | 23 |
| 24 | | | | | | 24 |
| 25 | | | | | | 25 |
| 26 | | | | | | 26 |
| 27 | | | | | | 27 |
| 28 | | | | | | 28 |
| 29 | | | | | | 29 |
| 30 | | | | | | 30 |
| 31 | | | | | | 31 |
| 32 | | | | | | 32 |
| 33 | | | | | | 33 |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

## PURCHASES

| | DATE | | ACCOUNT CREDITED | POST. REF. | ACCOUNTS PAYABLE CREDIT | PURCHASES—COMPUTERS DEBIT | |
|---|---|---|---|---|---|---|---|
| 1 | 20-- | | | | | | 1 |
| 2 | Dec. | 2 | Kupta Store Supplies & Equipment | ✓ | 2 9 6 25 | | 2 |
| 3 | | 3 | Ruiz & Yee, Attorneys | ✓ | 5 6 0 25 | | 3 |
| 4 | | 3 | D&R Computers | ✓ | 5 5 8 6 75 | 5 5 8 6 75 | 4 |
| 5 | | 3 | Mega Computer Supply, Inc. | ✓ | 2 6 0 1 00 | | 5 |
| 6 | | 6 | Supplies R Us, Inc. | ✓ | 1 5 7 4 25 | | 6 |
| 7 | | 14 | D&R Computers | ✓ | 6 9 8 2 50 | 6 9 8 2 50 | 7 |
| 8 | | 31 | Totals | | 1 7 6 0 1 00 | 1 2 5 6 9 25 | 8 |
| 9 | | | | | ( 2 1 1 0 ) | ( 5 1 1 0 ) | 9 |
| 10 | | | | | | | 10 |
| 11 | | | | | | | 11 |
| 12 | | | | | | | 12 |
| 13 | | | | | | | 13 |
| 14 | | | | | | | 14 |
| 15 | | | | | | | 15 |
| 16 | | | | | | | 16 |
| 17 | | | | | | | 17 |
| 18 | | | | | | | 18 |
| 19 | | | | | | | 19 |
| 20 | | | | | | | 20 |
| 21 | | | | | | | 21 |
| 22 | | | | | | | 22 |
| 23 | | | | | | | 23 |
| 24 | | | | | | | 24 |
| 25 | | | | | | | 25 |
| 26 | | | | | | | 26 |
| 27 | | | | | | | 27 |
| 28 | | | | | | | 28 |
| 29 | | | | | | | 29 |
| 30 | | | | | | | 30 |
| 31 | | | | | | | 31 |
| 32 | | | | | | | 32 |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**JOURNAL** PAGE 15

| | PURCHASES—PERIPHERALS DEBIT | STORE SUPPLIES DEBIT | OFFICE SUPPLIES DEBIT | OTHER ACCOUNTS DEBIT | | | |
|---|---|---|---|---|---|---|---|
| | | | | ACCOUNT | POST. REF. | AMOUNT | |
| 1 | | | | | | | 1 |
| 2 | | 2 9 6 25 | | | | | 2 |
| 3 | | | | Professional Fees Exp. | 6265 | 5 6 0 25 | 3 |
| 4 | | | | | | | 4 |
| 5 | 2 6 0 1 00 | | | | | | 5 |
| 6 | | 9 2 5 50 | 6 4 8 75 | | | | 6 |
| 7 | | | | | | | 7 |
| 8 | 2 6 0 1 00 | 1 2 2 1 75 | 6 4 8 75 | | | 5 6 0 25 | 8 |
| 9 | ( 5 1 1 5 ) | ( 1 1 4 0 ) | ( 1 1 4 5 ) | | | ( ✓ ) | 9 |
| 10 | | | | | | | 10 |
| 11 | | | | | | | 11 |
| 12 | | | | | | | 12 |
| 13 | | | | | | | 13 |
| 14 | | | | | | | 14 |
| 15 | | | | | | | 15 |
| 16 | | | | | | | 16 |
| 17 | | | | | | | 17 |
| 18 | | | | | | | 18 |
| 19 | | | | | | | 19 |
| 20 | | | | | | | 20 |
| 21 | | | | | | | 21 |
| 22 | | | | | | | 22 |
| 23 | | | | | | | 23 |
| 24 | | | | | | | 24 |
| 25 | | | | | | | 25 |
| 26 | | | | | | | 26 |
| 27 | | | | | | | 27 |
| 28 | | | | | | | 28 |
| 29 | | | | | | | 29 |
| 30 | | | | | | | 30 |
| 31 | | | | | | | 31 |
| 32 | | | | | | | 32 |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

## CASH PAYMENTS

| | DATE | | CK. NO. | PAYEE | POST. REF. | ACCOUNTS PAYABLE DEBIT | |
|---|---|---|---|---|---|---|---|
| 1 | 20-- | | | | | | 1 |
| 2 | Dec. | 1 | 1102 | D&R Computers | ✓ | 1 5 2 2 50 | 2 |
| 3 | | 2 | 1103 | Meyer Insurance Agency | | | 3 |
| 4 | | 2 | 1104 | All-in-One Advertising | | | 4 |
| 5 | | 2 | 1105 | South Houston Tabloid | | | 5 |
| 6 | | 3 | 1106 | Dan's Furniture | | | 6 |
| 7 | | 6 | 1107 | Master Computers | | | 7 |
| 8 | | 6 | 1108 | Reliable Roofing, Inc. | | | 8 |
| 9 | | 8 | 1109 | Ralph Radar | | | 9 |
| 10 | | 9 | 1110 | Lynn Cho | | | 10 |
| 11 | | 10 | 1111 | Payroll Bank Account | | | 11 |
| 12 | | 10 | 1112 | Coral Community Bank | | | 12 |
| 13 | | | | | | | 13 |
| 14 | | 13 | 1113 | Houston Power & Light | | | 14 |
| 15 | | 14 | 1114 | ACI Telephone Company | | | 15 |
| 16 | | 15 | 1115 | Houston Water | | | 16 |
| 17 | | 19 | 1116 | Sparkling Janitorial Services, Inc. | | | 17 |
| 18 | | 20 | 1117 | Coral Community Bank | | | 18 |
| 19 | | 24 | 1118 | Payroll Bank Account | | | 19 |
| 20 | | 24 | 1119 | Coral Community Bank | | | 20 |
| 21 | | | | | | | 21 |
| 22 | | 31 | 1120 | Petty Cash | | | 22 |
| 23 | | | | | | | 23 |
| 24 | | | | | | | 24 |
| 25 | | 31 | | Totals | | 1 5 2 2 50 | 25 |
| 26 | | | | | | ( 2 1 1 0 ) | 26 |
| 27 | | | | | | | 27 |
| 28 | | | | | | | 28 |
| 29 | | | | | | | 29 |
| 30 | | | | | | | 30 |
| 31 | | | | | | | 31 |
| 32 | | | | | | | 32 |


© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**JOURNAL** PAGE 12

| | PURCHASES—COMPUTERS DEBIT | PURCHASES DISCOUNTS CREDIT | CASH CREDIT | OTHER ACCOUNTS DEBIT ACCOUNT | POST. REF. | AMOUNT | |
|---|---|---|---|---|---|---|---|
| 1 | | | | | | | 1 |
| 2 | | 30 45 | 1 4 9 2 05 | | ✓ | | 2 |
| 3 | | | 2 2 7 0 00 | Prepaid Insurance | 1150 | 2 2 7 0 00 | 3 |
| 4 | | | 1 0 4 7 75 | Advertising Expense | 6115 | 1 0 4 7 75 | 4 |
| 5 | | | 2 4 5 6 25 | Advertising Expense | 6115 | 2 4 5 6 25 | 5 |
| 6 | | | 7 0 1 1 75 | Office Equipment | 1225 | 7 0 1 1 75 | 6 |
| 7 | 5 6 1 2 25 | | 5 6 1 2 25 | | ✓ | | 7 |
| 8 | | | 6 3 1 50 | Repairs & Maint. Expense | 6240 | 6 3 1 50 | 8 |
| 9 | | | 2 0 9 25 | Repairs & Maint. Expense | 6240 | 2 0 9 25 | 9 |
| 10 | | | 5 0 6 25 | Professional Fees Exp. | 6265 | 5 0 6 25 | 10 |
| 11 | | | 2 8 9 6 41 | Salaries Payable | 2115 | 2 8 9 6 41 | 11 |
| 12 | | | 2 0 8 2 18 | FICA Tax Payable | 2125 | 6 9 4 68 | 12 |
| 13 | | | | Empl. Fed. Inc. Tax Pay. | 2120 | 1 3 8 7 50 | 13 |
| 14 | | | 2 7 9 91 | Utilities Expense | 6225 | 2 7 9 91 | 14 |
| 15 | | | 9 9 17 | Utilities Expense | 6225 | 9 9 17 | 15 |
| 16 | | | 4 7 42 | Utilities Expense | 6225 | 4 7 42 | 16 |
| 17 | | | 1 3 1 25 | Repairs & Maint. Expense | 6240 | 1 3 1 25 | 17 |
| 18 | | | 2 2 0 5 0 00 | Cash Dividends Payable | 2140 | 2 2 0 5 0 00 | 18 |
| 19 | | | 3 2 7 5 68 | Salaries Payable | 2115 | 3 2 7 5 68 | 19 |
| 20 | | | 1 7 7 0 64 | FICA Tax Payable | 2125 | 7 0 4 14 | 20 |
| 21 | | | | Empl. Fed. Inc. Tax Pay. | 2120 | 1 0 6 6 50 | 21 |
| 22 | | | 2 3 4 36 | Store Supplies | 1140 | 1 0 7 24 | 22 |
| 23 | | | | Office Supplies | 1145 | 1 1 4 20 | 23 |
| 24 | | | | Freight In | 5130 | 1 2 92 | 24 |
| 25 | 5 6 1 2 25 | 30 45 | 5 4 1 0 4 07 | | | 4 6 9 9 9 77 | 25 |
| 26 | (5 1 1 0) | (5 1 2 5) | (1 1 1 0) | | | (✓) | 26 |
| 27 | | | | | | | 27 |
| 28 | | | | | | | 28 |
| 29 | | | | | | | 29 |
| 30 | | | | | | | 30 |
| 31 | | | | | | | 31 |
| 32 | | | | | | | 32 |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

## JOURNAL

PAGE 9

| | DATE | | DESCRIPTION | POST. REF. | DEBIT | CREDIT | |
|---|---|---|---|---|---|---|---|
| 1 | 20-- | | | | | | 1 |
| 2 | Dec. | 6 | Cash Dividends | 3135 | 22050 00 | | 2 |
| 3 | | | Cash Dividends Payable | 2140 | | 22050 00 | 3 |
| 4 | | | Preferred: 4% × $45,000 = $1,800 | | | | 4 |
| 5 | | | Common: 20,250 shares × $1 per | | | | 5 |
| 6 | | | share = $20,250 | | | | 6 |
| 7 | | | $1,800 + $20,250 = $22,050 | | | | 7 |
| 8 | | | | | | | 8 |
| 9 | | 10 | Sales Salaries Expense | 6110 | 2692 50 | | 9 |
| 10 | | | Office Salaries Expense | 6215 | 438 75 | | 10 |
| 11 | | | Officers' Salaries Expense | 6210 | 1500 00 | | 11 |
| 12 | | | Employees' Fed. Income Tax Payable | 2120 | | 1387 50 | 12 |
| 13 | | | FICA Tax Payable | 2125 | | 347 34 | 13 |
| 14 | | | Salaries Payable | 2115 | | 2896 41 | 14 |
| 15 | | | | | | | 15 |
| 16 | | 10 | Payroll Taxes Expense | 6220 | 488 08 | | 16 |
| 17 | | | FICA Tax Payable | 2125 | | 347 34 | 17 |
| 18 | | | State Unemployment Tax Payable | 2130 | | 126 17 | 18 |
| 19 | | | Federal Unemployment Tax Payable | 2135 | | 14 57 | 19 |
| 20 | | | | | | | 20 |
| 21 | | 24 | Sales Salaries Expense | 6110 | 2755 50 | | 21 |
| 22 | | | Office Salaries Expense | 6215 | 438 75 | | 22 |
| 23 | | | Officers' Salaries Expense | 6210 | 1500 00 | | 23 |
| 24 | | | Employees' Fed. Income Tax Payable | 2120 | | 1066 50 | 24 |
| 25 | | | FICA Tax Payable | 2125 | | 352 07 | 25 |
| 26 | | | Salaries Payable | 2115 | | 3275 68 | 26 |
| 27 | | | | | | | 27 |
| 28 | | 24 | Payroll Taxes Expense | 6220 | 431 70 | | 28 |
| 29 | | | FICA Tax Payable | 2125 | | 352 07 | 29 |
| 30 | | | State Unemployment Tax Payable | 2130 | | 69 56 | 30 |
| 31 | | | Federal Unemployment Tax Payable | 2135 | | 10 07 | 31 |
| 32 | | | | | | | 32 |
| 33 | | | | | | | 33 |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

## JOURNAL

PAGE 10

| | DATE | | DESCRIPTION | POST. REF. | DEBIT | CREDIT | |
|---|---|---|---|---|---|---|---|
| 1 | 20-- | | ***Adjusting Entries*** | | | | 1 |
| 2 | Dec. | 31 | Uncollectible Accounts Expense | 6255 | 9 9 5 25 | | 2 |
| 3 | | | Allowance for Doubtful Accounts | 1125 | | 9 9 5 25 | 3 |
| 4 | | | | | | | 4 |
| 5 | | 31 | Income Summary | 3140 | 18 8 7 9 7 10 | | 5 |
| 6 | | | Merchandise Inventory—Computers | 1130 | | 11 3 0 4 9 00 | 6 |
| 7 | | | Merchandise Inventory—Peripherals | 1135 | | 7 5 7 4 8 10 | 7 |
| 8 | | | | | | | 8 |
| 9 | | 31 | Merchandise Inventory—Computers | 1130 | 9 2 9 0 9 56 | | 9 |
| 10 | | | Merchandise Inventory—Peripherals | 1135 | 7 3 0 1 9 42 | | 10 |
| 11 | | | Income Summary | 3140 | | 16 5 9 2 8 98 | 11 |
| 12 | | | | | | | 12 |
| 13 | | 31 | Office Supplies Expense | 6260 | 4 2 5 14 | | 13 |
| 14 | | | Office Supplies | 1145 | | 4 2 5 14 | 14 |
| 15 | | | | | | | 15 |
| 16 | | 31 | Store Supplies Expense | 6125 | 3 7 9 20 | | 16 |
| 17 | | | Store Supplies | 1140 | | 3 7 9 20 | 17 |
| 18 | | | | | | | 18 |
| 19 | | 31 | Insurance Expense | 6250 | 2 4 5 6 25 | | 19 |
| 20 | | | Prepaid Insurance | 1150 | | 2 4 5 6 25 | 20 |
| 21 | | | | | | | 21 |
| 22 | | 31 | Depreciation Expense—Building | 6230 | 1 2 5 6 2 50 | | 22 |
| 23 | | | Depreciation Expense—Office Equipment | 6235 | 2 3 3 3 25 | | 23 |
| 24 | | | Depreciation Expense—Store Equipment | 6120 | 1 8 5 25 | | 24 |
| 25 | | | Accum. Depreciation—Building | 1220 | | 1 2 5 6 2 50 | 25 |
| 26 | | | Accum. Depreciation—Office Equip. | 1230 | | 2 3 3 3 25 | 26 |
| 27 | | | Accum. Depreciation—Store Equip. | 1240 | | 1 8 5 25 | 27 |
| 28 | | | | | | | 28 |
| 29 | | 31 | Sales Salaries Expense | 6110 | 2 3 6 0 25 | | 29 |
| 30 | | | Officers' Salaries Expense | 6210 | 1 1 2 5 00 | | 30 |
| 31 | | | Office Salaries Expense | 6215 | 1 6 5 00 | | 31 |
| 32 | | | Salaries Payable | 2115 | | 3 6 5 0 25 | 32 |
| 33 | | | | | | | 33 |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

| | DATE | | DESCRIPTION | POST. REF. | DEBIT | CREDIT | |
|---|---|---|---|---|---|---|---|
| 1 | 20-- | | ***Adjusting Entries (Concluded)*** | | | | 1 |
| 2 | | 31 | Sales—Computers | 4110 | 3 1 5 6 00 | | 2 |
| 3 | | | Sales—Peripherals | 4115 | 3 2 7 7 00 | | 3 |
| 4 | | | Customer Refunds Payable | 2150 | | 6 4 3 3 00 | 4 |
| 5 | | | | | | | 5 |
| 6 | | | ***Closing Entries*** | | | | 6 |
| 7 | Dec. | 31 | Sales—Computers | 4110 | 31 2 4 6 1 59 | | 7 |
| 8 | | | Sales—Peripherals | 4115 | 32 4 4 6 6 55 | | 8 |
| 9 | | | Sales—Computer Servicing | 4120 | 9 4 9 9 9 50 | | 9 |
| 10 | | | Purchases Returns and Allowances | 5120 | 2 0 4 75 | | 10 |
| 11 | | | Purchases Discounts | 5125 | 7 6 2 02 | | 11 |
| 12 | | | Income Summary | 3140 | | 73 2 8 9 4 41 | 12 |
| 13 | | | | | | | 13 |
| 14 | | 31 | Income Summary | 3140 | 65 5 9 8 7 85 | | 14 |
| 15 | | | Purchases—Computers | 5110 | | 31 6 3 3 1 22 | 15 |
| 16 | | | Purchases—Peripherals | 5115 | | 16 3 1 9 5 34 | 16 |
| 17 | | | Freight In | 5130 | | 7 2 0 52 | 17 |
| 18 | | | Sales Salaries Expense | 6110 | | 5 5 6 2 3 00 | 18 |
| 19 | | | Advertising Expense | 6115 | | 2 0 3 5 8 75 | 19 |
| 20 | | | Depreciation Expense—Store Equip. | 6120 | | 3 3 6 00 | 20 |
| 21 | | | Store Supplies Expense | 6125 | | 3 7 9 20 | 21 |
| 22 | | | Officers' Salaries Expense | 6210 | | 3 7 1 2 5 00 | 22 |
| 23 | | | Office Salaries Expense | 6215 | | 1 0 6 9 5 00 | 23 |
| 24 | | | Payroll Taxes Expense | 6220 | | 1 0 8 6 0 22 | 24 |
| 25 | | | Utilities Expense | 6225 | | 5 6 2 7 16 | 25 |
| 26 | | | Depreciation Expense—Building | 6230 | | 1 2 5 6 2 50 | 26 |
| 27 | | | Depreciation Expense—Office Equip. | 6235 | | 2 4 0 9 75 | 27 |
| 28 | | | Repairs & Maintenance Expense | 6240 | | 3 8 1 6 75 | 28 |
| 29 | | | Property Tax Expense | 6245 | | 7 2 5 4 30 | 29 |
| 30 | | | Insurance Expense | 6250 | | 2 4 5 6 25 | 30 |
| 31 | | | Uncollectible Accounts Expense | 6255 | | 9 9 5 25 | 31 |
| 32 | | | Office Supplies Expense | 6260 | | 4 2 5 14 | 32 |
| 33 | | | Professional Fees Expense | 6265 | | 1 0 6 6 50 | 33 |
| 34 | | | Interest Expense | 7110 | | 3 7 5 0 00 | 34 |
| 35 | | | | | | | 35 |
| 36 | | | | | | | 36 |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

## JOURNAL

PAGE 12

| | DATE | | DESCRIPTION | POST. REF. | DEBIT | CREDIT |
|---|---|---|---|---|---|---|
| 1 | 20-- | | ***Closing Entries (Concluded)*** | | | |
| 2 | Dec. | 31 | Income Summary | 3140 | 540384 | |
| 3 | | | Retained Earnings | 3130 | | 540384 |
| 4 | | | | | | |
| 5 | | 31 | Retained Earnings | 3130 | 307500 | |
| 6 | | | Cash Dividends | 3135 | | 307500 |
| 7 | | | | | | |
| 8 | | | | | | |
| 9 | | | | | | |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
| 13 | | | | | | |
| 14 | | | | | | |
| 15 | | | | | | |
| 16 | | | | | | |
| 17 | | | | | | |
| 18 | | | | | | |
| 19 | | | | | | |
| 20 | | | | | | |
| 21 | | | | | | |
| 22 | | | | | | |
| 23 | | | | | | |
| 24 | | | | | | |
| 25 | | | | | | |
| 26 | | | | | | |
| 27 | | | | | | |
| 28 | | | | | | |
| 29 | | | | | | |
| 30 | | | | | | |
| 31 | | | | | | |
| 32 | | | | | | |
| 33 | | | | | | |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

## JOURNAL

PAGE 13

| | DATE | | DESCRIPTION | POST. REF. | DEBIT | | | | | | CREDIT | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | | | | | | | | | | | | | | | | | 1 |
| 2 | | | | | | | | | | | | | | | | | 2 |
| 3 | | | | | | | | | | | | | | | | | 3 |
| 4 | | | | | | | | | | | | | | | | | 4 |
| 5 | | | | | | | | | | | | | | | | | 5 |
| 6 | | | | | | | | | | | | | | | | | 6 |
| 7 | | | | | | | | | | | | | | | | | 7 |
| 8 | | | | | | | | | | | | | | | | | 8 |
| 9 | | | | | | | | | | | | | | | | | 9 |
| 10 | | | | | | | | | | | | | | | | | 10 |
| 11 | | | | | | | | | | | | | | | | | 11 |
| 12 | | | | | | | | | | | | | | | | | 12 |
| 13 | | | | | | | | | | | | | | | | | 13 |
| 14 | | | | | | | | | | | | | | | | | 14 |
| 15 | | | | | | | | | | | | | | | | | 15 |
| 16 | | | | | | | | | | | | | | | | | 16 |
| 17 | | | | | | | | | | | | | | | | | 17 |
| 18 | | | | | | | | | | | | | | | | | 18 |
| 19 | | | | | | | | | | | | | | | | | 19 |
| 20 | | | | | | | | | | | | | | | | | 20 |
| 21 | | | | | | | | | | | | | | | | | 21 |
| 22 | | | | | | | | | | | | | | | | | 22 |
| 23 | | | | | | | | | | | | | | | | | 23 |
| 24 | | | | | | | | | | | | | | | | | 24 |
| 25 | | | | | | | | | | | | | | | | | 25 |
| 26 | | | | | | | | | | | | | | | | | 26 |
| 27 | | | | | | | | | | | | | | | | | 27 |
| 28 | | | | | | | | | | | | | | | | | 28 |
| 29 | | | | | | | | | | | | | | | | | 29 |
| 30 | | | | | | | | | | | | | | | | | 30 |
| 31 | | | | | | | | | | | | | | | | | 31 |
| 32 | | | | | | | | | | | | | | | | | 32 |
| 33 | | | | | | | | | | | | | | | | | 33 |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

# L E D G E R S

© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

Corporate Financial Accounting 15th edition Warren Solutions Manual

## GENERAL LEDGER

ACCOUNT *Cash* ACCOUNT NO. *1110*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 112 02 9 41 | |
| | 31 | | CR12 | 227 17 5 01 | | 339 20 4 42 | |
| | 31 | | CP12 | | 54 10 4 07 | 285 10 0 35 | |

ACCOUNT *Petty Cash* ACCOUNT NO. *1115*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 3 0 0 00 | |

ACCOUNT *Accounts Receivable* ACCOUNT NO. *1120*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 16 09 4 25 | |
| | 31 | | R12 | 20 7 0 9 76 | | 36 8 0 4 01 | |
| | 31 | | CR12 | | 19 9 0 7 26 | 16 8 9 6 75 | |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

ACCOUNT *Allowance for Doubtful Accounts* ACCOUNT NO. *1125*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| *20--* | | | | | | | |
| *Dec.* | *1* | *Balance* | ✓ | | | | *924 00* |
| | *31* | *Adjusting* | *J10* | | *995 25* | | *1919 25* |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

ACCOUNT *Merchandise Inventory—Computers* ACCOUNT NO. *1130*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| *20--* | | | | | | | |
| *Dec.* | *1* | *Balance* | ✓ | | | *1130 900* | |
| | *31* | *Adjusting* | *J10* | | *1130 900* | — | — |
| | *31* | *Adjusting* | *J10* | *920 956* | | *920 956* | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

ACCOUNT *Merchandise Inventory—Peripherals* ACCOUNT NO. *1135*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| *20--* | | | | | | | |
| *Dec.* | *1* | *Balance* | ✓ | | | *7480 10* | |
| | *31* | *Adjusting* | *J10* | | *7480 10* | — | — |
| | *31* | *Adjusting* | *J10* | *7019 42* | | *7019 42* | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

ACCOUNT *Store Supplies* ACCOUNT NO. *1140*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 11 2 6 50 | |
| | 31 | | P15 | 12 2 1 75 | | 23 4 8 25 | |
| | 31 | | CP12 | 1 0 7 24 | | 24 5 5 49 | |
| | 31 | Adjusting | J10 | | 3 7 9 20 | 20 7 6 29 | |

ACCOUNT *Office Supplies* ACCOUNT NO. *1145*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 2 0 4 75 | |
| | 9 | | CR12 | | 9 7 50 | 1 0 7 25 | |
| | 31 | | P15 | 6 4 8 75 | | 7 5 6 00 | |
| | 31 | | CP12 | 1 1 4 20 | | 8 7 0 20 | |
| | 31 | Adjusting | J10 | | 4 2 5 14 | 4 4 5 06 | |

ACCOUNT *Prepaid Insurance* ACCOUNT NO. *1150*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 7 7 7 9 75 | |
| | 2 | | CP12 | 2 2 7 0 00 | | 10 0 4 9 75 | |
| | 31 | Adjusting | J10 | | 2 4 5 6 25 | 7 5 9 3 50 | |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

ACCOUNT *Land* ACCOUNT NO. *1210*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| *20--* | | | | | | | |
| *Dec.* | *1* | *Balance* | ✓ | | | *30 0 0 0 00* | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

ACCOUNT *Building* ACCOUNT NO. *1215*

| DATE | | ITEM | Post Ref. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| *20--* | | | | | | | |
| *Dec.* | *1* | *Balance* | ✓ | | | *112 5 0 0 00* | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

ACCOUNT *Accumulated Depreciation—Building* ACCOUNT NO. *1220*

| DATE | | ITEM | Post Ref. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| *20--* | | | | | | | |
| *Dec.* | *1* | *Balance* | ✓ | | | | *16 8 5 9 25* |
| | *31* | *Adjusting* | *J10* | | *12 5 6 2 50* | | *29 4 2 1 75* |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |


© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

ACCOUNT *Office Equipment* ACCOUNT NO. *1225*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 8 2 2 3 17 | |
| | 3 | | CP12 | 7 0 1 1 75 | | 15 2 3 4 92 | |

ACCOUNT *Accumulated Depreciation—Office Equipment* ACCOUNT NO. *1230*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | | 3 5 9 4 00 |
| | 31 | Adjusting | J10 | | 2 3 3 3 25 | | 5 9 2 7 25 |

ACCOUNT *Store Equipment* ACCOUNT NO. *1235*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 1 1 7 1 52 | |


© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

ACCOUNT *Accumulated Depreciation—Store Equipment* ACCOUNT NO. *1240*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | | 7 1 0 25 |
| | 31 | Adjusting | J10 | | 1 8 5 25 | | 8 9 5 50 |

ACCOUNT *Accounts Payable* ACCOUNT NO. *2110*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | | 7 0 8 3 00 |
| | 31 | | P15 | | 17 6 0 1 00 | | 24 6 8 4 00 |
| | 31 | | CP12 | 1 5 2 2 50 | | | 23 1 6 1 50 |

ACCOUNT *Salaries Payable* ACCOUNT NO. *2115*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 10 | | J9 | | 2 8 9 6 41 | | 2 8 9 6 41 |
| | 10 | | CP12 | 2 8 9 6 41 | | | |
| | 24 | | J9 | | 3 2 7 5 68 | | 3 2 7 5 68 |
| | 24 | | CP12 | 3 2 7 5 68 | | | |
| | 31 | Adjusting | J10 | | 3 6 5 0 25 | | 3 6 5 0 25 |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

ACCOUNT *Employees' Federal Income Tax Payable* ACCOUNT NO. *2120*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 10 | | J9 | | 13850 | | 13850 |
| | 10 | | CP12 | 13850 | | | |
| | 24 | | J9 | | 10650 | | 10650 |
| | 24 | | CP12 | 10650 | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

ACCOUNT *FICA Tax Payable* ACCOUNT NO. *2125*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 10 | | J9 | | 3434 | | 3434 |
| | 10 | | J9 | | 3434 | | 6968 |
| | 10 | | CP12 | 6968 | | | |
| | 24 | | J9 | | 3507 | | 3507 |
| | 24 | | J9 | | 3507 | | 7014 |
| | 24 | | CP12 | 7014 | | | |
| | | | | | | | |
| | | | | | | | |

ACCOUNT *State Unemployment Tax Payable* ACCOUNT NO. *2130*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 10 | | J9 | | 1217 | | 1217 |
| | 24 | | J9 | | 6956 | | 1973 |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

ACCOUNT *Federal Unemployment Tax Payable* ACCOUNT NO. *2135*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 10 | | J9 | | 1 4 57 | | 1 4 57 |
| | 24 | | J9 | | 1 0 07 | | 2 4 64 |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

ACCOUNT *Cash Dividends Payable* ACCOUNT NO. *2140*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 6 | | J9 | | 22 0 5 0 00 | | 22 0 5 0 00 |
| | 20 | | CP12 | 22 0 5 0 00 | | — — — | — — — |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

ACCOUNT *Customer Refunds Payable* ACCOUNT NO. *2150*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 31 | Adjusting | J11 | | 6 4 3 3 00 | | 6 4 3 3 00 |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

ACCOUNT *Notes Payable* ACCOUNT NO. *2210*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | | 37 5 0 0 00 |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

ACCOUNT *Common Stock, $10 Par* ACCOUNT NO. *3110*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| *20--* | | | | | | | |
| *Dec.* | *1* | *Balance* | ✓ | | | | *202 5 0 0 00* |
| | *14* | | *CR12* | | *100 0 0 0 00* | | *302 5 0 0 00* |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

ACCOUNT *Preferred 4% Stock, $100 Par* ACCOUNT NO. *3115*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| *20--* | | | | | | | |
| *Dec.* | *1* | *Balance* | ✓ | | | | *45 0 0 0 00* |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

ACCOUNT *Paid-In Capital in Excess of Par—Common Stock* ACCOUNT NO. *3120*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| *20--* | | | | | | | |
| *Dec.* | *1* | *Balance* | ✓ | | | | *37 5 0 0 00* |
| | *14* | | *CR12* | | *72 5 0 0 00* | | *110 0 0 0 00* |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

ACCOUNT *Paid-In Capital in Excess of Par—Preferred Stock* ACCOUNT NO. *3125*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| *20--* | | | | | | | |
| *Dec.* | *1* | *Balance* | ✓ | | | | *15 0 0 0 00* |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |


© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

ACCOUNT *Retained Earnings* ACCOUNT NO. *3130*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | | 34 6 5 5 06 |
| | 31 | Closing | J12 | | 54 0 3 8 44 | | 88 6 9 3 50 |
| | 31 | Closing | J12 | 33 0 7 5 00 | | | 55 6 1 8 50 |

ACCOUNT *Cash Dividends* ACCOUNT NO. *3135*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 11 0 2 5 00 | |
| | 6 | | J9 | 22 0 5 0 00 | | 33 0 7 5 00 | |
| | 31 | | J12 | | 33 0 7 5 00 | — — — | — — — |

ACCOUNT *Income Summary* ACCOUNT NO. *3140*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 31 | Adjusting | J10 | 188 7 9 7 10 | | 188 7 9 7 10 | |
| | 31 | Adjusting | J10 | | 165 9 2 8 98 | 22 8 6 8 12 | |
| | 31 | Closing | J11 | | 732 8 9 4 41 | | 710 0 2 6 29 |
| | 31 | Closing | J11 | 655 9 8 7 85 | | | 54 0 3 8 44 |
| | 31 | Closing | J12 | 54 0 3 8 44 | | — — — | — — — |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

ACCOUNT *Sales—Computers* ACCOUNT NO. *4110*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | | 283 5 8 7 70 |
| | 31 | | R12 | | 9 6 8 7 39 | | 293 2 7 5 09 |
| | 31 | | CR12 | | 22 3 4 2 50 | | 315 6 1 7 59 |
| | 31 | Adjusting | J11 | 3 1 5 6 00 | | | 312 4 6 1 59 |
| | 31 | Closing | J11 | 312 4 6 1 59 | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

ACCOUNT *Sales—Peripherals* ACCOUNT NO. *4115*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | | 316 1 8 2 68 |
| | 31 | | R12 | | 4 9 6 12 | | 316 6 7 8 80 |
| | 31 | | CR12 | | 11 0 6 4 75 | | 327 7 4 3 55 |
| | 31 | Adjusting | J11 | 3 2 7 7 00 | | | 324 4 6 6 55 |
| | 31 | Closing | J11 | 324 4 6 6 55 | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

ACCOUNT *Sales—Computer Servicing* ACCOUNT NO. *4120*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | | 83 2 1 0 25 |
| | 31 | | R12 | | 10 5 2 6 25 | | 93 7 3 6 50 |
| | 31 | | CR12 | | 1 2 6 3 00 | | 94 9 9 9 50 |
| | 31 | Closing | J11 | 94 9 9 9 50 | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |


© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

ACCOUNT *Purchases—Computers* ACCOUNT NO. *5110*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 298 14 9 72 | |
| | 31 | | P15 | 12 5 6 9 25 | | 310 7 1 8 97 | |
| | 31 | | CP12 | 5 6 1 2 25 | | 316 3 3 1 22 | |
| | 31 | Closing | J11 | | 316 3 3 1 22 | | |

ACCOUNT *Purchases—Peripherals* ACCOUNT NO. *5115*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 160 5 9 4 34 | |
| | 31 | | P15 | 2 6 0 1 00 | | 163 1 9 5 34 | |
| | 31 | Closing | J11 | | 163 1 9 5 34 | | |

ACCOUNT *Purchases Returns and Allowances* ACCOUNT NO. *5120*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | | 2 0 4 75 |
| | 31 | Closing | J11 | 2 0 4 75 | | | |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

ACCOUNT *Purchases Discounts* ACCOUNT NO. *5125*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | | 7 3 1 57 |
| | 31 | | CP12 | | 3 0 45 | | 7 6 2 02 |
| | 31 | Closing | J11 | 7 6 2 02 | | | |

ACCOUNT *Freight In* ACCOUNT NO. *5130*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 7 0 7 60 | |
| | 31 | | CP12 | 1 2 92 | | 7 2 0 52 | |
| | 31 | Closing | J11 | | 7 2 0 52 | | |

ACCOUNT *Sales Salaries Expense* ACCOUNT NO. *6110*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 47 8 1 4 75 | |
| | 10 | | J9 | 2 6 9 2 50 | | 50 5 0 7 25 | |
| | 24 | | J9 | 2 7 5 5 50 | | 53 2 6 2 75 | |
| | 31 | Adjusting | J10 | 2 3 6 0 25 | | 55 6 2 3 00 | |
| | 31 | Closing | J11 | | 55 6 2 3 00 | | |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

ACCOUNT *Advertising Expense* ACCOUNT NO. *6115*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 16 854 75 | |
| | 2 | | CP12 | 1 047 25 | | 17 902 50 | |
| | 2 | | CP12 | 2 456 25 | | 20 358 75 | |
| | 31 | Closing | J11 | | 20 358 75 | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

ACCOUNT *Depreciation Expense—Store Equipment* ACCOUNT NO. *6120*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 1 507 75 | |
| | 31 | Adjusting | J10 | 1 855 25 | | 3 363 00 | |
| | 31 | Closing | J11 | | 3 363 00 | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

ACCOUNT *Store Supplies Expense* ACCOUNT NO. *6125*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 31 | Adjusting | J10 | 3 792 20 | | 3 792 20 | |
| | 31 | Closing | J11 | | 3 792 20 | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

ACCOUNT *Officers' Salaries Expense* ACCOUNT NO. *6210*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 33 000 00 | |
| | 10 | | J9 | 1 500 00 | | 34 500 00 | |
| | 24 | | J9 | 1 500 00 | | 36 000 00 | |
| | 31 | Adjusting | J10 | 1 125 00 | | 37 125 00 | |
| | 31 | Closing | J11 | | 37 125 00 | | |

ACCOUNT *Office Salaries Expense* ACCOUNT NO. *6215*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 9 652 50 | |
| | 10 | | J9 | 4 387 75 | | 10 091 25 | |
| | 24 | | J9 | 4 387 75 | | 10 530 00 | |
| | 31 | Adjusting | J10 | 1 650 00 | | 10 695 00 | |
| | 31 | Closing | J11 | | 10 695 00 | | |

ACCOUNT *Payroll Taxes Expense* ACCOUNT NO. *6220*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 9 940 44 | |
| | 10 | | J9 | 4 888 08 | | 10 428 52 | |
| | 24 | | J9 | 4 310 70 | | 10 860 22 | |
| | 31 | Closing | J11 | | 10 860 22 | | |


© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

ACCOUNT *Utilities Expense* ACCOUNT NO. *6225*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 52066 | |
| | 13 | | CP12 | 27991 | | 54857 | |
| | 14 | | CP12 | 9917 | | 55774 | |
| | 15 | | CP12 | 4742 | | 56216 | |
| | 31 | Closing | J11 | | 56216 | | |

ACCOUNT *Depreciation Expense—Building* ACCOUNT NO. *6230*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 31 | Adjusting | J10 | 12562 50 | | 12562 50 | |
| | 31 | Closing | J11 | | 12562 50 | | |

ACCOUNT *Depreciation Expense—Office Equipment* ACCOUNT NO. *6235*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 7650 | |
| | 31 | Adjusting | J10 | 2333 25 | | 24097 5 | |
| | 31 | Closing | J11 | | 24097 5 | | |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

ACCOUNT *Repairs & Maintenance Expense* ACCOUNT NO. *6240*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 2 8 4 4 75 | |
| | 6 | | CP12 | 6 3 1 50 | | 3 4 7 6 25 | |
| | 8 | | CP12 | 2 0 9 25 | | 3 6 8 5 50 | |
| | 19 | | CP12 | 1 3 1 25 | | 3 8 1 6 75 | |
| | 31 | Closing | J11 | | 3 8 1 6 75 | | |

ACCOUNT *Property Tax Expense* ACCOUNT NO. *6245*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 7 2 5 4 30 | |
| | 31 | Closing | J11 | | 7 2 5 4 30 | | |

ACCOUNT *Insurance Expense* ACCOUNT NO. *6250*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 31 | Adjusting | J10 | | | 2 4 5 6 25 | |
| | 31 | Closing | J11 | | 2 4 5 6 25 | | |


© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

ACCOUNT *Uncollectible Accounts Expense* ACCOUNT NO. *6255*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 31 | Adjusting | J10 | 995 25 | | 995 25 | |
| | 31 | Closing | J11 | | 995 25 | — | — |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

ACCOUNT *Office Supplies Expense* ACCOUNT NO. *6260*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 31 | Adjusting | J10 | | | 425 14 | |
| | 31 | Closing | J11 | | 425 14 | — | — |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

ACCOUNT *Professional Fees Expense* ACCOUNT NO. *6265*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| 20-- | | | | | | | |
| Dec. | 3 | | P15 | 560 25 | | 560 25 | |
| | 9 | | CP12 | 506 25 | | 1 06 6 50 | |
| | 31 | Closing | J11 | | 1 06 6 50 | — | — |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

ACCOUNT *Interest Expense* ACCOUNT NO. *7110*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE DEBIT | BALANCE CREDIT |
|---|---|---|---|---|---|---|---|
| *20--* | | | | | | | |
| *Dec.* | *1* | *Balance* | ✓ | | | *3 7 5 0 00* | |
| | *31* | *Closing* | *J11* | | *3 7 5 0 00* | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

## ACCOUNTS RECEIVABLE LEDGER

**NAME** *Advantage Learning Center, LLC*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE |
|---|---|---|---|---|---|---|
| 20-- | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 3 9 5 25 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

**NAME** *Amy Dillo's Grill & Bar*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE |
|---|---|---|---|---|---|---|
| 20-- | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 2 3 4 5 25 |
| | 7 | | R12 | 9 3 6 9 75 | | 1 1 7 1 5 00 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

**NAME** *Gilley's Sports Bar*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE |
|---|---|---|---|---|---|---|
| 20-- | | | | | | |
| Dec. | 9 | | R12 | 1 1 5 6 50 | | 1 1 5 6 50 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**NAME** *Green Energy Enterprises*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE |
|---|---|---|---|---|---|---|
| 20-- | | | | | | |
| Dec. | 3 | | R12 | 4,024.12 | | 4,024.12 |
| | 12 | | CR12 | | 4,024.12 | — |

**NAME** *Gulfview Realtors, Inc.*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE |
|---|---|---|---|---|---|---|
| 20-- | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 2,350.00 |
| | 1 | | CR12 | | 2,350.00 | — |
| | 6 | | R12 | 734.25 | | 734.25 |
| | 16 | | CR12 | | 734.25 | — |

**NAME** *Land & Sea Builders*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE |
|---|---|---|---|---|---|---|
| 20-- | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 1,543.50 |
| | 6 | | CR12 | | 1,543.50 | — |
| | 12 | | R12 | 32,39.25 | | 32,39.25 |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**NAME** *Lucky Dog Trainers*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE |
|---|---|---|---|---|---|---|
| 20-- | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 3 9 0 75 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

**NAME** *Nassau Bay Marina*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE |
|---|---|---|---|---|---|---|
| 20-- | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 3 0 1 3 50 |
| | 6 | | CR12 | | 3 0 1 3 50 | — |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

**NAME** *Preston Brown, JD*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE |
|---|---|---|---|---|---|---|
| 20-- | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 1 3 0 2 75 |
| | 11 | | CR12 | | 1 3 0 2 75 | — |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |


© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**NAME** *South Texas Dental Group*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE |
|---|---|---|---|---|---|---|
| 20-- | | | | | | |
| Dec. | 1 | | R12 | 10464 | | 10464 |
| | 8 | | R12 | 11392 5 | | 21895 |
| | 11 | | CR12 | | 10464 | 11392 5 |
| | 18 | | CR12 | | 11392 5 | — |
| | | | | | | |
| | | | | | | |
| | | | | | | |

**NAME** *Wekiva Water Sports, Inc.*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE |
|---|---|---|---|---|---|---|
| 20-- | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 5 6 1 75 |
| | 9 | | CR12 | | 5 6 1 75 | — |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

**NAME** *Zack Construction Company*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE |
|---|---|---|---|---|---|---|
| 20-- | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 4 1 8 9 50 |
| | 7 | | CR12 | | 4 1 8 9 50 | — |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |


© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

## ACCOUNTS PAYABLE LEDGER

**NAME** *D&R Computers*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE |
|---|---|---|---|---|---|---|
| 20-- | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 1,522.50 |
| | 1 | | CP12 | 1,522.50 | | — |
| | 3 | | P15 | | 5,586.75 | 5,586.75 |
| | 14 | | P15 | | 6,982.50 | 12,569.25 |
| | | | | | | |
| | | | | | | |
| | | | | | | |

**NAME** *Kupta Store Supplies & Equipment Company*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE |
|---|---|---|---|---|---|---|
| 20-- | | | | | | |
| Dec. | 2 | | P15 | | 296.25 | 296.25 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

**NAME** *Mega Computer Supply, Inc.*

| DATE | | ITEM | Post Ref. | DEBIT | CREDIT | BALANCE |
|---|---|---|---|---|---|---|
| 20-- | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 3,010.50 |
| | 3 | | P15 | | 2,601.00 | 5,611.50 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

**NAME** *Ruiz & Yee, Attorneys*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE |
|---|---|---|---|---|---|---|
| 20-- | | | | | | |
| Dec. | 3 | | P15 | | 5 6 0 25 | 5 6 0 25 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

**NAME** *Supplies R Us, Inc.*

| DATE | | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE |
|---|---|---|---|---|---|---|
| 20-- | | | | | | |
| Dec. | 1 | Balance | ✓ | | | 2 5 5 0 00 |
| | 6 | | P15 | | 1 5 7 4 25 | 4 1 2 4 25 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

Corporate Financial Accounting 15th edition Warren Solutions Manual

# END-OF-FISCAL-PERIOD WORK

© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

Corporate Financial Accounting 15th edition Warren Solutions Manual

| JP's Tech Solutions Sales & Services, Inc. | | | | | | |
|---|---|---|---|---|---|---|
| Schedule of Accounts Receivable | | | | | | |
| December 31, 20-- | | | | | | |
| Advantage Learning Center, LLC | | | 3 | 9 | 5 | 25 |
| Amy Dillo's Grill & Bar | 1 | 1 | 7 | 1 | 5 | 00 |
| Gilley's Sports Bar | | 1 | 1 | 5 | 6 | 50 |
| Land & Sea Builders | | 3 | 2 | 3 | 9 | 25 |
| Lucky Dog Trainers | | | 3 | 9 | 0 | 75 |
| | 1 | 6 | 8 | 9 | 6 | 75 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

| JP's Tech Solutions Sales & Services, Inc. | | | | | | |
|---|---|---|---|---|---|---|
| Schedule of Accounts Payable | | | | | | |
| December 31, 20-- | | | | | | |
| D&R Computers | 1 | 2 | 5 | 6 | 9 | 25 |
| Kupta Store Supplies & Equipment Company | | | 2 | 9 | 6 | 25 |
| Mega Computer Supply, Inc. | | 5 | 6 | 1 | 1 | 50 |
| Ruiz & Yee, Attorneys | | | 5 | 6 | 0 | 25 |
| Supplies R Us, Inc. | | 4 | 1 | 2 | 4 | 25 |
| | 2 | 3 | 1 | 6 | 1 | 50 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |


© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

| JP's Tech Solutions Sales & Services, Inc. | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Income Statement | | | | | | | | | | | | | | | | | | |
| For Year Ended December 31, 20-- | | | | | | | | | | | | | | | | | | |
| Revenue from sales: | | | | | | | | | | | | | | | | | | |
| Sales—computers | | | | | | | 31 | 2 | 4 | 6 | 1 | 59 | | | | | | |
| Sales—peripherals | | | | | | | 32 | 4 | 4 | 6 | 6 | 55 | | | | | | |
| Sales—computer servicing | | | | | | | 9 | 4 | 9 | 9 | 9 | 50 | | | | | | |
| Total sales | | | | | | | | | | | | | 73 | 1 | 9 | 2 | 7 | 64 |
| Cost of merchandise sold: | | | | | | | | | | | | | | | | | | |
| Merch. inventory—computers, Jan. 1 | 11 | 3 | 0 | 4 | 9 | 00 | | | | | | | | | | | | |
| Merch. inventory—peripherals, Jan. 1 | 7 | 5 | 7 | 4 | 8 | 10 | 18 | 8 | 7 | 9 | 7 | 10 | | | | | | |
| Purchases—computers | 31 | 6 | 3 | 3 | 1 | 22 | | | | | | | | | | | | |
| Purchases—peripherals | 16 | 3 | 1 | 9 | 5 | 34 | 47 | 9 | 5 | 2 | 6 | 56 | | | | | | |
| Less: Purchases returns and allowances | | | 2 | 0 | 4 | 75 | | | | | | | | | | | | |
| Purchases discounts | | | 7 | 6 | 2 | 02 | | | 9 | 6 | 6 | 77 | | | | | | |
| Net purchases | | | | | | | 47 | 8 | 5 | 5 | 9 | 79 | | | | | | |
| Add freight in | | | | | | | | | 7 | 2 | 0 | 52 | | | | | | |
| Cost of merchandise purchased | | | | | | | 47 | 9 | 2 | 8 | 0 | 31 | | | | | | |
| Merchandise available for sale | | | | | | | 66 | 8 | 0 | 7 | 7 | 41 | | | | | | |
| Less merch. invent.—computers, Dec. 31 | 9 | 2 | 9 | 0 | 9 | 56 | | | | | | | | | | | | |
| Less merch. invent.—peripherals, Dec. 31 | 7 | 3 | 0 | 1 | 9 | 42 | 16 | 5 | 9 | 2 | 8 | 98 | | | | | | |
| Cost of merchandise sold | | | | | | | | | | | | | 50 | 2 | 1 | 4 | 8 | 43 |
| Gross profit | | | | | | | | | | | | | 22 | 9 | 7 | 7 | 9 | 21 |
| Operating expenses: | | | | | | | | | | | | | | | | | | |
| Selling expenses: | | | | | | | | | | | | | | | | | | |
| Sales salaries expense | 5 | 5 | 6 | 2 | 3 | 00 | | | | | | | | | | | | |
| Advertising expense | 2 | 0 | 3 | 5 | 8 | 75 | | | | | | | | | | | | |
| Depreciation expense—store equipment | | | 3 | 3 | 6 | 00 | | | | | | | | | | | | |
| Store supplies expense | | | 3 | 7 | 9 | 20 | | | | | | | | | | | | |
| Total selling expenses | | | | | | | 7 | 6 | 6 | 9 | 6 | 95 | | | | | | |
| (continues) | | | | | | | | | | | | | | | | | | |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

| JP's Tech Solutions Sales & Services, Inc. | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Income Statement (Concluded) | | | | | | | | | | | | | | | | | | |
| For Year Ended December 31, 20-- | | | | | | | | | | | | | | | | | | |
| Administrative expenses: | | | | | | | | | | | | | | | | | | |
| Officers' salaries expense | 3 | 7 | 1 | 2 | 5 | 00 | | | | | | | | | | | | |
| Office salaries expense | 1 | 0 | 6 | 9 | 5 | 00 | | | | | | | | | | | | |
| Payroll taxes expense | 1 | 0 | 8 | 6 | 0 | 22 | | | | | | | | | | | | |
| Utilities expense | | 5 | 6 | 2 | 7 | 16 | | | | | | | | | | | | |
| Depreciation expense—building | 1 | 2 | 5 | 6 | 2 | 50 | | | | | | | | | | | | |
| Depreciation expense—office equipment | | 2 | 4 | 0 | 9 | 75 | | | | | | | | | | | | |
| Repairs & maintenance expense | | 3 | 8 | 1 | 6 | 75 | | | | | | | | | | | | |
| Property tax expense | | 7 | 2 | 5 | 4 | 30 | | | | | | | | | | | | |
| Insurance expense | | 2 | 4 | 5 | 6 | 25 | | | | | | | | | | | | |
| Uncollectible accounts expense | | | 9 | 9 | 5 | 25 | | | | | | | | | | | | |
| Office supplies expense | | | 4 | 2 | 5 | 14 | | | | | | | | | | | | |
| Professional fees expense | | 1 | 0 | 6 | 6 | 50 | | | | | | | | | | | | |
| Total administrative expenses | | | | | | | 9 | 5 | 2 | 9 | 3 | 82 | | | | | | |
| Total operating expenses | | | | | | | | | | | | | 17 | 1 | 9 | 9 | 0 | 77 |
| Income from operations | | | | | | | | | | | | | 5 | 7 | 7 | 8 | 8 | 44 |
| Other expenses: | | | | | | | | | | | | | | | | | | |
| Interest expense | | | | | | | | | | | | | | 3 | 7 | 5 | 0 | 00 |
| Net income | | | | | | | | | | | | | 5 | 4 | 0 | 3 | 8 | 44 |


© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

| JP's Tech Solutions Sales & Services, Inc. | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Retained Earnings Statement | | | | | | | | | | | | |
| For Year Ended December 31, 20-- | | | | | | | | | | | | |
| Retained earnings, January 1, 20-- | | | | | | | 3 | 4 | 6 | 5 | 5 | 06 |
| Net income for the year | 5 | 4 | 0 | 3 | 8 | 44 | | | | | | |
| Less dividends | 3 | 3 | 0 | 7 | 5 | 00 | | | | | | |
| Net increase in retained earnings | | | | | | | 2 | 0 | 9 | 6 | 3 | 44 |
| Retained earnings, December 31, 20-- | | | | | | | 5 | 5 | 6 | 1 | 8 | 50 |


© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

| JP's Tech Solutions Sales & Services, Inc. | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Balance Sheet | | | | | | | | | | | | | | | | | | |
| December 31, 20-- | | | | | | | | | | | | | | | | | | |
| **Assets** | | | | | | | | | | | | | | | | | | |
| Current assets: | | | | | | | | | | | | | | | | | | |
| Cash | | | | | | | 28 | 5 | 1 | 0 | 0 | 35 | | | | | | |
| Petty cash | | | | | | | | | 3 | 0 | 0 | 00 | | | | | | |
| Accounts receivable | 1 | 6 | 8 | 9 | 6 | 75 | | | | | | | | | | | | |
| Less allowance for doubtful accounts | | 1 | 9 | 1 | 9 | 25 | 1 | 4 | 9 | 7 | 7 | 50 | | | | | | |
| Merchandise inventory—computers | | | | | | | 9 | 2 | 9 | 0 | 9 | 56 | | | | | | |
| Merchandise inventory—peripherals | | | | | | | 7 | 3 | 0 | 1 | 9 | 42 | | | | | | |
| Store supplies | | | | | | | | 2 | 0 | 7 | 6 | 29 | | | | | | |
| Office supplies | | | | | | | | | 4 | 4 | 5 | 06 | | | | | | |
| Prepaid insurance | | | | | | | | 7 | 5 | 9 | 3 | 50 | | | | | | |
| Total current assets | | | | | | | | | | | | | 47 | 6 | 4 | 2 | 1 | 68 |
| Property, plant, and equipment: | | | | | | | | | | | | | | | | | | |
| Land | | | | | | | 3 | 0 | 0 | 0 | 0 | 00 | | | | | | |
| Building | 11 | 2 | 5 | 0 | 0 | 00 | | | | | | | | | | | | |
| Less accumulated depreciation | 2 | 9 | 4 | 2 | 1 | 75 | 8 | 3 | 0 | 7 | 8 | 25 | | | | | | |
| Office equipment | 1 | 5 | 2 | 3 | 4 | 92 | | | | | | | | | | | | |
| Less accumulated depreciation | | 5 | 9 | 2 | 7 | 25 | | 9 | 3 | 0 | 7 | 67 | | | | | | |
| Store equipment | | 1 | 1 | 7 | 1 | 52 | | | | | | | | | | | | |
| Less accumulated depreciation | | | 8 | 9 | 5 | 50 | | | 2 | 7 | 6 | 02 | | | | | | |
| Total property, plant, and equipment | | | | | | | | | | | | | 12 | 2 | 6 | 6 | 1 | 94 |
| Total assets | | | | | | | | | | | | | 59 | 9 | 0 | 8 | 3 | 62 |
| (continues) | | | | | | | | | | | | | | | | | | |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

| JP's Tech Solutions Sales & Services, Inc. | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Balance Sheet (Concluded) | | | | | | | | | | | | | | | | | | |
| December 31, 20-- | | | | | | | | | | | | | | | | | | |
| ***Liabilities*** | | | | | | | | | | | | | | | | | | |
| *Current liabilities:* | | | | | | | | | | | | | | | | | | |
| *Accounts payable* | 2 | 3 | 1 | 6 | 1 | 50 | | | | | | | | | | | | |
| *Salaries payable* | | 3 | 6 | 5 | 0 | 25 | | | | | | | | | | | | |
| *State unemployment tax payable* | | | 1 | 9 | 5 | 73 | | | | | | | | | | | | |
| *Federal unemployment tax payable* | | | | 2 | 4 | 64 | | | | | | | | | | | | |
| *Customer refunds payable* | | 6 | 4 | 3 | 3 | 00 | | | | | | | | | | | | |
| *Total current liabilities* | | | | | | | 3 | 3 | 4 | 6 | 5 | 12 | | | | | | |
| *Long-term liabilities:* | | | | | | | | | | | | | | | | | | |
| *Notes payable* | | | | | | | 3 | 7 | 5 | 0 | 0 | 00 | | | | | | |
| *Total liabilities* | | | | | | | | | | | | | 7 | 0 | 9 | 6 | 5 | 12 |
| ***Stockholders' Equity*** | | | | | | | | | | | | | | | | | | |
| *Paid-in capital:* | | | | | | | | | | | | | | | | | | |
| *Common stock, $10 par (30,250 shares* | | | | | | | | | | | | | | | | | | |
| *authorized, issued, & outstanding)* | 30 | 2 | 5 | 0 | 0 | 00 | | | | | | | | | | | | |
| *Preferred 4% stock, $100 par (450 shares* | | | | | | | | | | | | | | | | | | |
| *authorized, issued, & outstanding)* | 4 | 5 | 0 | 0 | 0 | 00 | | | | | | | | | | | | |
| *Paid-in capital in excess of par—* | | | | | | | | | | | | | | | | | | |
| *common stock* | 11 | 0 | 0 | 0 | 0 | 00 | | | | | | | | | | | | |
| *Paid-in capital in excess of par—* | | | | | | | | | | | | | | | | | | |
| *preferred stock* | 1 | 5 | 0 | 0 | 0 | 00 | | | | | | | | | | | | |
| *Total paid-in capital* | | | | | | | 47 | 2 | 5 | 0 | 0 | 00 | | | | | | |
| *Retained earnings* | | | | | | | 5 | 5 | 6 | 1 | 8 | 50 | | | | | | |
| *Total stockholders' equity* | | | | | | | | | | | | | 52 | 8 | 1 | 1 | 8 | 50 |
| *Total liabilities and stockholders' equity* | | | | | | | | | | | | | 59 | 9 | 0 | 8 | 3 | 62 |


© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

| JP's Tech Solutions Sales & Services, Inc. | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Post-Closing Trial Balance | | | | | | | | | | | | |
| For Year Ended December 31, 20-- | | | | | | | | | | | | |
| Cash | 28 | 5 | 1 | 0 | 0 | 35 | | | | | | |
| Petty Cash | | | 3 | 0 | 0 | 00 | | | | | | |
| Accounts Receivable | 1 | 6 | 8 | 9 | 6 | 75 | | | | | | |
| Allowance for Doubtful Accounts | | | | | | | | 1 | 9 | 1 | 9 | 25 |
| Merchandise Inventory—Computers | 9 | 2 | 9 | 0 | 9 | 56 | | | | | | |
| Merchandise Inventory—Peripherals | 7 | 3 | 0 | 1 | 9 | 42 | | | | | | |
| Store Supplies | | 2 | 0 | 7 | 6 | 29 | | | | | | |
| Office Supplies | | | 4 | 4 | 5 | 06 | | | | | | |
| Prepaid Insurance | | 7 | 5 | 9 | 3 | 50 | | | | | | |
| Land | 3 | 0 | 0 | 0 | 0 | 00 | | | | | | |
| Building | 11 | 2 | 5 | 0 | 0 | 00 | | | | | | |
| Accumulated Depreciation—Building | | | | | | | 2 | 9 | 4 | 2 | 1 | 75 |
| Office Equipment | 1 | 5 | 2 | 3 | 4 | 92 | | | | | | |
| Accumulated Depreciation—Office Equipment | | | | | | | | 5 | 9 | 2 | 7 | 25 |
| Store Equipment | | 1 | 1 | 7 | 1 | 52 | | | | | | |
| Accumulated Depreciation—Store Equipment | | | | | | | | | 8 | 9 | 5 | 50 |
| Accounts Payable | | | | | | | 2 | 3 | 1 | 6 | 1 | 50 |
| Salaries Payable | | | | | | | | 3 | 6 | 5 | 0 | 25 |
| State Unemployment Tax Payable | | | | | | | | | 1 | 9 | 5 | 73 |
| Federal Unemployment Tax Payable | | | | | | | | | | 2 | 4 | 64 |
| Customer Refunds Payable | | | | | | | | 6 | 4 | 3 | 3 | 00 |
| Notes Payable | | | | | | | 3 | 7 | 5 | 0 | 0 | 00 |
| Common Stock, $10 Par | | | | | | | 30 | 2 | 5 | 0 | 0 | 00 |
| Preferred 4% Stock, $100 Par | | | | | | | 4 | 5 | 0 | 0 | 0 | 00 |
| Paid-In Capital in Excess of Par—Common Stock | | | | | | | 11 | 0 | 0 | 0 | 0 | 00 |
| Paid-In Capital in Excess of Par—Preferred Stock | | | | | | | 1 | 5 | 0 | 0 | 0 | 00 |
| Retained Earnings | | | | | | | 5 | 5 | 6 | 1 | 8 | 50 |
| Totals | 63 | 7 | 2 | 4 | 7 | 37 | 63 | 7 | 2 | 4 | 7 | 37 |


© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

JP's Tech Solutions
Work
December

| | ACCOUNT TITLE | TRIAL BALANCE DEBIT | TRIAL BALANCE CREDIT | ADJUSTMENTS DEBIT | ADJUSTMENTS CREDIT | |
|---|---|---|---|---|---|---|
| 1 | Cash | 28 5 1 0 0 35 | | | | 1 |
| 2 | Petty Cash | 3 0 0 00 | | | | 2 |
| 3 | Accounts Receivable | 1 6 8 9 6 75 | | | | 3 |
| 4 | Allow. for Doubtful Accounts | | 9 2 4 00 | | a) 9 9 5 25 | 4 |
| 5 | Merch. Inv.—Computers | 11 3 0 4 9 00 | | b) 9 2 9 0 9 56 | b) 11 3 0 4 9 00 | 5 |
| 6 | Merch. Inv.—Peripherals | 7 5 7 4 8 10 | | b) 7 3 0 1 9 42 | b) 7 5 7 4 8 10 | 6 |
| 7 | Store Supplies | 2 4 5 5 49 | | | b) 3 7 9 20 | 7 |
| 8 | Office Supplies | 8 7 0 20 | | | b) 4 2 5 14 | 8 |
| 9 | Prepaid Insurance | 1 0 0 4 9 75 | | | c) 2 4 5 6 25 | 9 |
| 10 | Land | 3 0 0 0 0 00 | | | | 10 |
| 11 | Building | 11 2 5 0 0 00 | | | | 11 |
| 12 | Accum. Depr.—Building | | 1 6 8 5 9 25 | | d) 1 2 5 6 2 50 | 12 |
| 13 | Office Equipment | 1 5 2 3 4 92 | | | | 13 |
| 14 | Accum. Depr.—Office Equip. | | 3 5 9 4 00 | | d) 2 3 3 3 25 | 14 |
| 15 | Store Equipment | 1 1 7 1 52 | | | | 15 |
| 16 | Accum. Depr.—Store Equip. | | 7 1 0 25 | | d) 1 8 5 25 | 16 |
| 17 | Accounts Payable | | 2 3 1 6 1 50 | | | 17 |
| 18 | Salaries Payable | | | | e) 3 6 5 0 25 | 18 |
| 19 | Empl. Fed. Inc. Tax Pay. | | | | | 19 |
| 20 | FICA Tax Payable | | | | | 20 |
| 21 | SUTA Tax Payable | | 1 9 5 73 | | | 21 |
| 22 | FUTA Tax Payable | | 2 4 64 | | | 22 |
| 23 | Cash Dividends Payable | | | | | 23 |
| 24 | Customer Refunds Payable | | | | f) 6 4 3 3 00 | 24 |
| 25 | Notes Payable | | 3 7 5 0 0 00 | | | 25 |
| 26 | Common Stock, $10 Par | | 30 2 5 0 0 00 | | | 26 |
| 27 | Pref. 4% Stock, $100 Par | | 4 5 0 0 0 00 | | | 27 |
| 28 | PIC in Excess of Par—Com. | | 11 0 0 0 0 00 | | | 28 |
| 29 | PIC in Excess of Par—Pref. | | 1 5 0 0 0 00 | | | 29 |
| 30 | Retained Earnings | | 3 4 6 5 5 06 | | | 30 |
| 31 | Cash Dividends | 3 3 0 7 5 00 | | | | 31 |
| 32 | Carried Forward | 69 6 4 5 1 08 | 59 0 1 2 4 43 | 16 5 9 2 8 98 | 21 8 2 1 7 19 | 32 |
| 33 | | | | | | 33 |
| 34 | | | | | | 34 |
| 35 | | | | | | 35 |
| 36 | | | | | | 36 |


© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

Sales & Services, Inc.
Sheet
31, 20--

| | ADJUSTED TRIAL BALANCE | | INCOME STATEMENT | | BALANCE SHEET | | |
|---|---|---|---|---|---|---|---|
| | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | |
| 1 | 28 5 1 0 0 35 | | | | 28 5 1 0 0 35 | | 1 |
| 2 | 3 0 0 00 | | | | 3 0 0 00 | | 2 |
| 3 | 1 6 8 9 6 75 | | | | 1 6 8 9 6 75 | | 3 |
| 4 | | 1 9 1 9 25 | | | | 1 9 1 9 25 | 4 |
| 5 | 9 2 9 0 9 56 | | | | 9 2 9 0 9 56 | | 5 |
| 6 | 7 3 0 1 9 42 | | | | 7 3 0 1 9 42 | | 6 |
| 7 | 2 0 7 6 29 | | | | 2 0 7 6 29 | | 7 |
| 8 | 4 4 5 06 | | | | 4 4 5 06 | | 8 |
| 9 | 7 5 9 3 50 | | | | 7 5 9 3 50 | | 9 |
| 10 | 3 0 0 0 0 00 | | | | 3 0 0 0 0 00 | | 10 |
| 11 | 11 2 5 0 0 00 | | | | 11 2 5 0 0 00 | | 11 |
| 12 | | 2 9 4 2 1 75 | | | | 2 9 4 2 1 75 | 12 |
| 13 | 1 5 2 3 4 92 | | | | 1 5 2 3 4 92 | | 13 |
| 14 | | 5 9 2 7 25 | | | | 5 9 2 7 25 | 14 |
| 15 | 1 1 7 1 52 | | | | 1 1 7 1 52 | | 15 |
| 16 | | 8 9 5 50 | | | | 8 9 5 50 | 16 |
| 17 | | 2 3 1 6 1 50 | | | | 2 3 1 6 1 50 | 17 |
| 18 | | 3 6 5 0 25 | | | | 3 6 5 0 25 | 18 |
| 19 | | | | | | | 19 |
| 20 | | | | | | | 20 |
| 21 | | 1 9 5 73 | | | | 1 9 5 73 | 21 |
| 22 | | 2 4 64 | | | | 2 4 64 | 22 |
| 23 | | | | | | | 23 |
| 24 | | 6 4 3 3 00 | | | | 6 4 3 3 00 | 24 |
| 25 | | 3 7 5 0 0 00 | | | | 3 7 5 0 0 00 | 25 |
| 26 | | 30 2 5 0 0 00 | | | | 30 2 5 0 0 00 | 26 |
| 27 | | 4 5 0 0 0 00 | | | | 4 5 0 0 0 00 | 27 |
| 28 | | 11 0 0 0 0 00 | | | | 11 0 0 0 0 00 | 28 |
| 29 | | 1 5 0 0 0 00 | | | | 1 5 0 0 0 00 | 29 |
| 30 | | 3 4 6 3 5 06 | | | | 3 4 6 3 5 06 | 30 |
| 31 | 3 3 0 7 5 00 | | | | 3 3 0 7 5 00 | | 31 |
| 32 | 67 0 3 2 2 37 | 61 6 2 8 3 93 | | | 67 0 3 2 2 37 | 61 6 2 8 3 93 | 32 |
| 33 | | | | | | | 33 |
| 34 | | | | | | | 34 |
| 35 | | | | | | | 35 |
| 36 | | | | | | | 36 |


© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

JP's Tech Solutions

Work

December

| | ACCOUNT TITLE | TRIAL BALANCE | | | | | | | | | | | | ADJUSTMENTS | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | DEBIT | | | | | | CREDIT | | | | | | DEBIT | | | | | | CREDIT | | | | | | |
| 1 | Brought Forwarded | 69 | 6 | 4 | 5 | 1 | 08 | 59 | 0 | 1 | 2 | 4 | 43 | 16 | 5 | 9 | 2 | 8 | 98 | 21 | 8 | 2 | 1 | 7 | 19 | 1 |
| 2 | Income Summary | | | | | | | | | | | | | b) 18 | 8 | 7 | 9 | 7 | 10 | b) 16 | 5 | 9 | 2 | 8 | 98 | 2 |
| 3 | Sales—Computers | | | | | | | 31 | 5 | 6 | 1 | 7 | 59 | f) | 3 | 1 | 5 | 6 | 00 | | | | | | | 3 |
| 4 | Sales—Peripherals | | | | | | | 32 | 7 | 7 | 4 | 3 | 55 | f) | 3 | 2 | 7 | 7 | 00 | | | | | | | 4 |
| 5 | Sales—Comp. Servicing | | | | | | | 9 | 4 | 9 | 9 | 9 | 50 | | | | | | | | | | | | | 5 |
| 6 | Purchases—Computers | 31 | 6 | 3 | 3 | 1 | 22 | | | | | | | | | | | | | | | | | | | 6 |
| 7 | Purchases—Peripherals | 16 | 3 | 1 | 9 | 5 | 34 | | | | | | | | | | | | | | | | | | | 7 |
| 8 | Purch. Returns & Allow. | | | | | | | | | 2 | 0 | 4 | 75 | | | | | | | | | | | | | 8 |
| 9 | Purchases Discounts | | | | | | | | | 7 | 6 | 2 | 02 | | | | | | | | | | | | | 9 |
| 10 | Freight In | | | 7 | 2 | 0 | 52 | | | | | | | | | | | | | | | | | | | 10 |
| 11 | Sales Salaries Expense | 5 | 3 | 2 | 6 | 2 | 75 | | | | | | | e) | 2 | 3 | 6 | 0 | 25 | | | | | | | 11 |
| 12 | Advertising Expense | 2 | 0 | 3 | 5 | 8 | 75 | | | | | | | | | | | | | | | | | | | 12 |
| 13 | Depr. Exp.—Store Equip. | | | 1 | 5 | 0 | 75 | | | | | | | d) | | 1 | 8 | 5 | 25 | | | | | | | 13 |
| 14 | Store Supplies Expense | | | | | | | | | | | | | b) | | 3 | 7 | 9 | 20 | | | | | | | 14 |
| 15 | Officers' Salaries Expense | 3 | 6 | 0 | 0 | 0 | 00 | | | | | | | e) | 1 | 1 | 2 | 5 | 00 | | | | | | | 15 |
| 16 | Office Salaries Expense | 1 | 0 | 5 | 3 | 0 | 00 | | | | | | | e) | | 1 | 6 | 5 | 00 | | | | | | | 16 |
| 17 | Payroll Taxes Expense | 1 | 0 | 8 | 6 | 0 | 22 | | | | | | | | | | | | | | | | | | | 17 |
| 18 | Utilities Expense | | 5 | 6 | 2 | 7 | 16 | | | | | | | | | | | | | | | | | | | 18 |
| 19 | Depr. Exp.—Building | | | | | | | | | | | | | d) 1 | 2 | 5 | 6 | 2 | 50 | | | | | | | 19 |
| 20 | Depr. Exp.—Office Equip. | | | | 7 | 6 | 50 | | | | | | | d) | 2 | 3 | 3 | 3 | 25 | | | | | | | 20 |
| 21 | Repairs & Maint. Expense | | 3 | 8 | 1 | 6 | 75 | | | | | | | | | | | | | | | | | | | 21 |
| 22 | Property Tax Expense | | 7 | 2 | 5 | 4 | 30 | | | | | | | | | | | | | | | | | | | 22 |
| 23 | Insurance Expense | | | | | | | | | | | | | c) | 2 | 4 | 5 | 6 | 25 | | | | | | | 23 |
| 24 | Uncoll. Accounts Expense | | | | | | | | | | | | | a) | | 9 | 9 | 5 | 25 | | | | | | | 24 |
| 25 | Office Supplies Expense | | | | | | | | | | | | | b) | | 4 | 2 | 5 | 14 | | | | | | | 25 |
| 26 | Professional Fees Expense | | 1 | 0 | 6 | 6 | 50 | | | | | | | | | | | | | | | | | | | 26 |
| 27 | Interest Expense | | 3 | 7 | 5 | 0 | 00 | | | | | | | | | | | | | | | | | | | 27 |
| 28 | | | | | | | | | | | | | | | | | | | | | | | | | | 28 |
| 29 | | 132 | 9 | 4 | 5 | 1 | 84 | 132 | 9 | 4 | 5 | 1 | 84 | 38 | 4 | 1 | 4 | 6 | 17 | 38 | 4 | 1 | 4 | 6 | 17 | 29 |
| 30 | Net Income | | | | | | | | | | | | | | | | | | | | | | | | | 30 |
| 31 | | | | | | | | | | | | | | | | | | | | | | | | | | 31 |
| 32 | | | | | | | | | | | | | | | | | | | | | | | | | | 32 |
| 33 | | | | | | | | | | | | | | | | | | | | | | | | | | 33 |



© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

*Sales & Services, Inc.*

*Sheet*

*31, 20--*

| | ADJUSTED TRIAL BALANCE | | INCOME STATEMENT | | BALANCE SHEET | | |
|---|---|---|---|---|---|---|---|
| | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | |
| 1 | 67 0 3 2 2 37 | 61 6 2 8 3 93 | | | 67 0 3 2 2 37 | 61 6 2 8 3 93 | 1 |
| 2 | 18 8 7 9 7 10 | 16 5 9 2 8 98 | 18 8 7 9 7 10 | 16 5 9 2 8 98 | | | 2 |
| 3 | | 31 2 4 6 1 59 | | 31 2 4 6 1 59 | | | 3 |
| 4 | | 32 4 4 6 6 55 | | 32 4 4 6 6 55 | | | 4 |
| 5 | | 9 4 9 9 9 50 | | 9 4 9 9 9 50 | | | 5 |
| 6 | 31 6 3 3 1 22 | | 31 6 3 3 1 22 | | | | 8 |
| 7 | 16 3 1 9 5 34 | | 16 3 1 9 5 34 | | | | 9 |
| 8 | | 2 0 4 75 | | 2 0 4 75 | | | 10 |
| 9 | | 7 6 2 02 | | 7 6 2 02 | | | 11 |
| 10 | 7 2 0 52 | | 7 2 0 52 | | | | 12 |
| 11 | 5 5 6 2 3 00 | | 5 5 6 2 3 00 | | | | 13 |
| 12 | 2 0 3 5 8 75 | | 2 0 3 5 8 75 | | | | 14 |
| 13 | 3 3 6 00 | | 3 3 6 00 | | | | 15 |
| 14 | 3 7 9 20 | | 3 7 9 20 | | | | 16 |
| 15 | 3 7 1 2 5 00 | | 3 7 1 2 5 00 | | | | 17 |
| 16 | 1 0 6 9 5 00 | | 1 0 6 9 5 00 | | | | 18 |
| 17 | 1 0 8 6 0 22 | | 1 0 8 6 0 22 | | | | 19 |
| 18 | 5 6 2 7 16 | | 5 6 2 7 16 | | | | 20 |
| 19 | 1 2 5 6 2 50 | | 1 2 5 6 2 50 | | | | 21 |
| 20 | 2 4 0 9 75 | | 2 4 0 9 75 | | | | 22 |
| 21 | 3 8 1 6 75 | | 3 8 1 6 75 | | | | 23 |
| 22 | 7 2 5 4 30 | | 7 2 5 4 30 | | | | 24 |
| 23 | 2 4 5 6 25 | | 2 4 5 6 25 | | | | 25 |
| 24 | 9 9 5 25 | | 9 9 5 25 | | | | 26 |
| 25 | 4 2 5 14 | | 4 2 5 14 | | | | 27 |
| 26 | 1 0 6 6 50 | | 1 0 6 6 50 | | | | 28 |
| 27 | 3 7 5 0 00 | | 3 7 5 0 00 | | | | 29 |
| 28 | | | | | | | 30 |
| 29 | 151 5 1 0 7 32 | 151 5 1 0 7 32 | 84 4 7 8 4 95 | 89 8 8 2 3 39 | 67 0 3 2 2 37 | 61 6 2 8 3 93 | 31 |
| 30 | | | 5 4 0 3 8 44 | | | 5 4 0 3 8 44 | 32 |
| 31 | | | 89 8 8 2 3 39 | 89 8 8 2 3 39 | 67 0 3 2 2 37 | 67 0 3 2 2 37 | 33 |
| 32 | | | | | | | 34 |
| 33 | | | | | | | 35 |

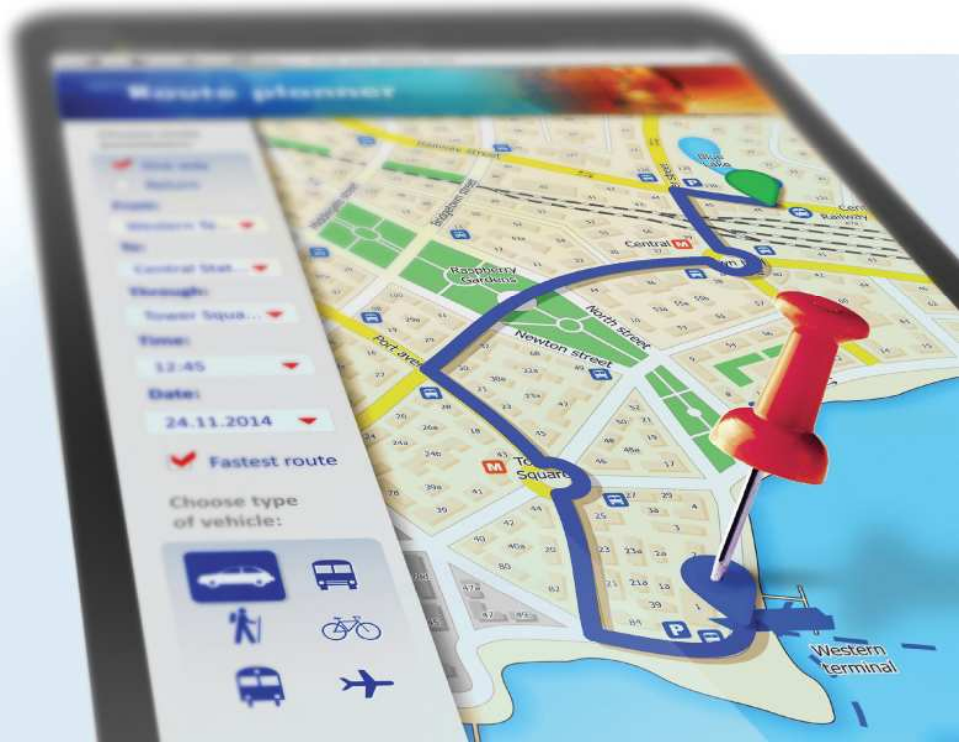


© 2016 Cengage Learning®. May not be scanned, copied or duplicated, or posted to a publicly accessible website, in whole or in part.

Corporate Financial Accounting 15th edition Warren Solutions Manual

# Corporate Financial Accounting

Fifteenth Edition




# Chapter 2
## Analyzing Transactions

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Learning Objectives

- **Obj. 1:** Describe the characteristics of an account and a chart of accounts.
- **Obj. 2:** Describe and illustrate journalizing transactions using the double-entry accounting system.
- **Obj. 3:** Describe and illustrate the journalizing and posting of transactions to accounts.
- **Obj. 4:** Prepare an unadjusted trial balance and explain how it can be used to discover errors.
- **Obj. 5**: Describe and illustrate the use of horizontal analysis in evaluating a company's performance and financial condition.

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Using Accounts to Record Transactions

- Accounting systems are designed to show the increases and decreases in each accounting equation element as a separate record.
  - This record is called an **account**.

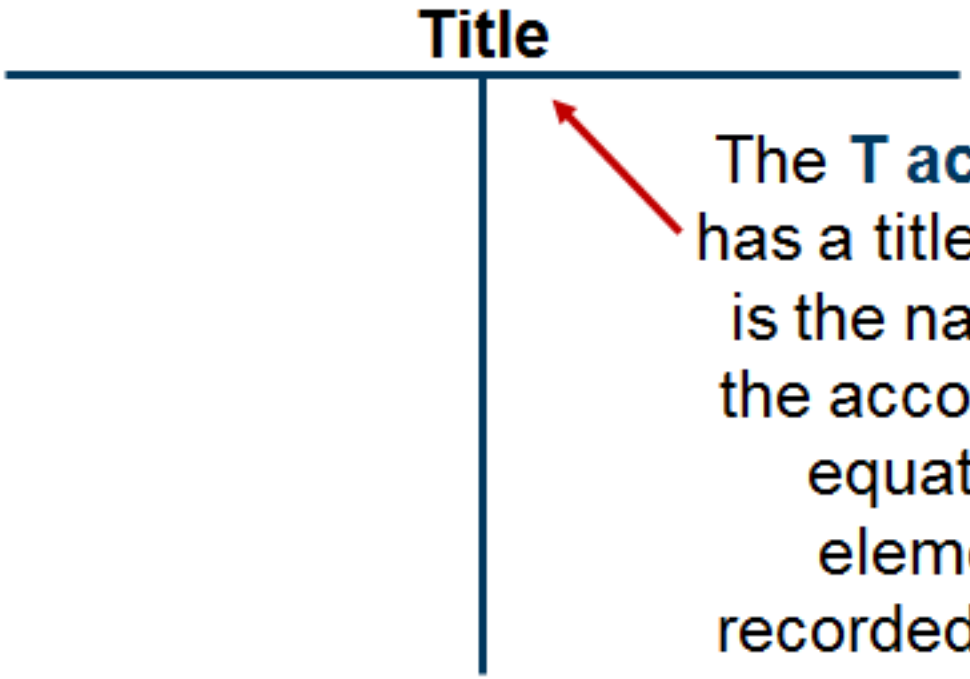
CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# NetSolutions' November Transactions

| | Assets | | | = Liabilities + | | | Stockholders' Equity | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Cash | + Supp. | + Land | = Accounts Payable | + Common Stock | – Dividends | + Fees Earned | – Wages Exp. | – Rent Exp. | – Supplies Exp. | – Utilities Exp. | – Misc. Exp. |
| a. | +25,000 | | | | +25,000 | | | | | | | |
| b. | –20,000 | | +20,000 | | | | | | | | | |
| Bal. | 5,000 | | 20,000 | | 25,000 | | | | | | | |
| c. | | +1,350 | | +1,350 | | | | | | | | |
| Bal. | 5,000 | 1,350 | 20,000 | 1,350 | 25,000 | | | | | | | |
| d. | +7,500 | | | | | | +7,500 | | | | | |
| Bal. | 12,500 | 1,350 | 20,000 | 1,350 | 25,000 | | 7,500 | | | | | |
| e. | –3,650 | | | | | | | –2,125 | –800 | | –450 | –275 |
| Bal. | 8,850 | 1,350 | 20,000 | 1,350 | 25,000 | | 7,500 | –2,125 | –800 | | –450 | –275 |
| f. | –950 | | | –950 | | | | | | | | |
| Bal. | 7,900 | 1,350 | 20,000 | 400 | 25,000 | | 7,500 | –2,125 | –800 | | –450 | –275 |
| g. | | –800 | | | | | | | | –800 | | |
| Bal. | 7,900 | 550 | 20,000 | 400 | 25,000 | | 7,500 | –2,125 | –800 | –800 | –450 | –275 |
| h. | –2,000 | | | | | –2,000 | | | | | | |
| Bal. | 5,900 | 550 | 20,000 | 400 | 25,000 | –2,000 | 7,500 | –2,125 | –800 | –800 | –450 | –275 |

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# The T Account (1 of 4)




The **T account** has a title, which is the name of the accounting equation element recorded in the account.

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

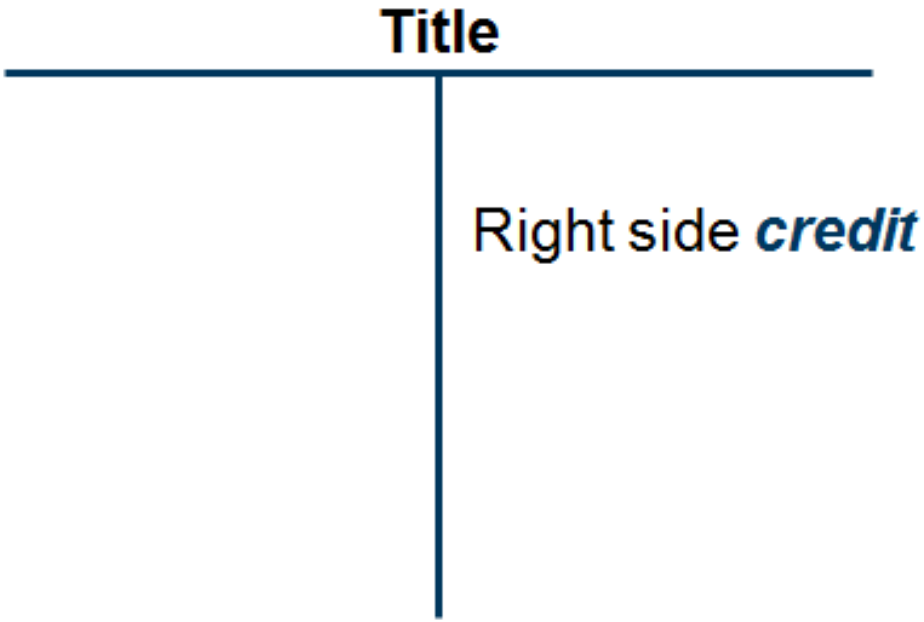
# The T Account (2 of 4)

**Title**

| | |
|---|---|
| Left side ***debit*** | |

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# The T Account (3 of 4)




CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# The T Account (4 of 4)

**Cash**

Debit Side of Account

| | | | |
|---|---|---|---|
| (a) | 25,000 | (b) | 20,000 |
| (d) | 7,500 | (e) | 3,650 |
| | | (f) | 950 |
| | | (h) | 2,000 |
| Balance | 5,900 | | |

Credit Side of Account

**Balance of the Account** (the excess of the debits of an asset account over its credits)

CENGAGE

Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Chart of Accounts

- A group of accounts for a business entity is called a **ledger**.
- A list of the accounts in the ledger is called a **chart of accounts**.
- The accounts are normally listed in the order in which they appear in the financial statements.
  - The balance sheet accounts are listed first, in the order of assets, liabilities, and stockholders' equity.
  - The income statement accounts are then listed in the order of revenues and expenses.

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Assets

- **Assets** are resources owned by the business entity.
  - Examples of assets include:
    - Cash
    - Supplies
    - Intangible assets (patent rights, copyrights, trademarks)
    - Accounts receivable
    - Prepaid expenses
    - Buildings
    - Equipment

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Liabilities

- **Liabilities** are debts owed to outsiders (creditors).
  - Examples of liabilities include:
    - Accounts payable
    - Notes payable
    - Wages payable
    - Unearned revenues (cash received from customers before services are delivered)

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Stockholders' Equity

- **Stockholders' equity** is the stockholders' right to the assets of the business.
- Stockholders' equity is represented by the balance of the **common stock** and **retained earnings** accounts.
- A **dividends** account represents distributions of earnings to stockholders.

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Revenues

- **Revenues** are increases in assets and stockholders' equity as a result of selling services or products to customers.
  - Examples of revenues include:
    - Fees earned
    - Fares earned
    - Commissions revenue
    - Rent revenue

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Expenses

- **Expenses** result from using up assets or consuming services in the process of generating revenues.
  - Examples of expenses include:
    - Wages expense
    - Rent expense
    - Utilities expense
    - Supplies expense
    - Miscellaneous expense

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Account Numbering System

- Accounts are grouped by account type (assets, liabilities, stockholders' equity, revenue, and expenses).
- Each type of account is numbered using the same first digit, for example:
  - Assets begins with 1
  - Liabilities begins with 2
  - Stockholders' equity begins with 3
  - Revenue begins with 4
  - Expenses begins with 5

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Chart of Accounts for NetSolutions (1 of 3)

## Balance Sheet Accounts

1. **Assets**

   11 Cash

   12 Accounts Receivable

   14 Supplies

   15 Prepaid Insurance

   17 Land

   18 Office Equipment

CENGAGE

Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Chart of Accounts for NetSolutions (2 of 3)

2. **Liabilities**

   21 Accounts Payable

   23 Unearned Rent

3. **Stockholders' Equity**

   31 Common Stock

   32 Retained Earnings

   33 Dividends

CENGAGE

Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Chart of Accounts for NetSolutions (3 of 3)

**Income Statement Accounts**

4. **Revenue**

   41 Fees Earned

5. **Expenses**

   51 Wages Expense

   52 Supplies Expense

   53 Rent Expense

   54 Utilities Expense

   59 Miscellaneous Expense

CENGAGE

Copyright © 2019 Cengage. All Rights Reserved.

Corporate Financial Accounting 15th edition Warren Solutions Manual

# Double-Entry Accounting System

- All businesses use what is called the **double-entry accounting system**.
- This system is based on the accounting equation and requires:
  - Every business transaction to be recorded in at least two accounts.
  - The total debits recorded for each transaction to be equal to the total credits recorded.
- This system has specific rules of debit and credit for recording transactions.

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Balance Sheet Accounts

- The debit and credit rules for balance sheet accounts are as follows:

| Balance Sheet Accounts | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| ASSETS<br>Asset Accounts | | = | LIABILITIES<br>Liability Accounts | | + | STOCKHOLDERS' EQUITY<br>Stockholders' Equity Accounts | |
| Debit for increases (+) | Credit for decreases (–) | | Debit for decreases (–) | Credit for increases (+) | | Debit for decreases (–) | Credit for increases (+) |

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Income Statement Accounts

- The debit and credit rules for income statement accounts are based on their relationship with stockholders' equity.
- The rules of debit and credit for revenue and expense accounts are as follows:

| Income Statement Accounts | | | |
|---|---|---|---|
| Revenue Accounts | | Expense Accounts | |
| Debit for decreases (–) | Credit for increases (+) | Debit for increases (+) | Credit for decreases (–) |

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Dividends

- The debit and credit rules for recording dividends are based on the effect of dividends on stockholders' equity (retained earnings).
- The rules of debit and credit for the dividends account are as follows:

**Dividends Account**

| Debit for increases (+) | Credit for decreases (–) |
|---|---|

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Normal Balances

- The sum of the increases in an account is usually equal to or greater than the sum of the decreases in the account. Thus, the **normal balance of an account** is either a debit or a credit, depending on whether increases in the account are recorded as debits or credits.

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Rules of Debit and Credit, Normal Balances of Accounts

**Balance Sheet Accounts**

| ASSETS = LIABILITIES + STOCKHOLDERS' EQUITY | | | | | | | |
|---|---|---|---|---|---|---|---|
| Asset Accounts | | Liability Accounts | | Common Stock | | Retained Earnings | |
| Debit for increases (+) | Credit for decreases (–) | Debit for decreases (–) | Credit for increases (+) | Debit for decreases (–) | Credit for increases (+) | Debit for decreases (–) | Credit for increases (+) |
| Balance | | | Balance | | Balance | | Balance |

| Dividends | |
|---|---|
| Debit for increases (+) | Credit for decreases (–) |
| Balance | |

**Income Statement Accounts**

| Revenue Accounts | |
|---|---|
| Debit for decreases (–) | Credit for increases (+) |
| | Balance |

| Expense Accounts | |
|---|---|
| Debit for increases (+) | Credit for decreases (–) |
| Balance | |

The side of the account for recording increases and the normal balance is shown in blue.

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Check Up Corner Balance Sheet Accounts (1 of 2)

David Simmons, M.D., recently organized Simmons Urgent Care Inc. as a walk-in clinic. The clinic has purchased medical supplies and office equipment on account. In addition, David has invested cash in the business in exchange for common stock.

Identify the balance sheet accounts that Simmons Urgent Care will use to record these transactions, indicating whether each is an asset, a liability, or a stockholders' equity account and whether the normal balance is a debit or a credit.

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Check Up Corner Balance Sheet Accounts (2 of 2)

**Solution:**

Assets are the resources owned by a business.

| Assets | | Liabilities | |
|---|---|---|---|
| Cash | debit | Accounts Payable | credit |
| Supplies | debit | **Stockholders' Equity** | |
| Equipment | debit | Common Stock | credit |

Liabilities are debts owed to outsiders (creditors).

Stockholders' equity is the stockholders' rights to the assets of the business.

Asset accounts have normal debit balances.

Liability and stockholders' equity accounts have normal credit balances.

CENGAGE

Copyright © 2019 Cengage. All Rights Reserved.

Corporate Financial Accounting 15th edition Warren Solutions Manual

# Journalizing (1 of 4)

- Using the rules of debit and credit, transactions are initially entered in a record called a **journal**.

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Journalizing (2 of 4)

- Transactions are recorded in the journal using the following steps:
  - Step 1. The date of the transaction is entered in the Date column.
  - Step 2. The title of the account to be debited is recorded to the left in the Description column, and the amount to be debited is entered in the Debit column.
  - Step 3. The title of the account to be credited is listed below and indented to the debited account title, and the amount to be credited is entered in the Credit column.

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Journalizing (3 of 4)

- Step 4. A brief description may be entered below the credited account.
- Step 5. The Post. Ref. (Posting Reference) column is left blank when the journal entry is initially recorded. This column is used later when the journal entry amounts are transferred to the accounts in the ledger.

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Journalizing (4 of 4)

- The process of recording a transaction in the journal is called **journalizing**.
- The entry in the journal is called a **journal entry**.
- The form of the journal illustrated in Transaction A is called the **two-column journal.**

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Transaction A

- On November 1, Chris Clark deposited $25,000 in a bank account in the name of NetSolutions in exchange for common stock.

**Journal Entry**

Step 2

| Journal | | | | Page 1 |
|---|---|---|---|---|
| Date | Description | Post. Ref. | Debit | Credit |
| 20Y3 Nov. 1 | Cash | | 25,000 | |
| | Common Stock | | | 25,000 |
| | Issued common stock for cash. | | | |

Step 2 Step 3 Step 1 Step 3 Step 4 Step 5

**Accounting Equation Impact**

| Assets | = | Liabilities | + | Stockholders' Equity |
|---|---|---|---|---|
| Cash | | | | Common Stock |
| Nov. 1 25,000 | | | | Nov. 1 25,000 |

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Transaction Terminology and Related Journal Entry Accounts

| Common Transaction Terminology | Journal Entry Account: Debit | Journal Entry Account: Credit |
|---|---|---|
| Received cash for services provided | Cash | Fees Earned |
| Services provided on account | Accounts Receivable | Fees Earned |
| Received cash on account | Cash | Accounts Receivable |
| Purchased on account | Asset Account | Accounts Payable |
| Paid on account | Accounts Payable | Cash |
| Paid cash | Asset or expense account | Cash |
| Issued common stock | Cash and/or other assets | Common Stock |
| Paid dividends | Dividends | Cash |

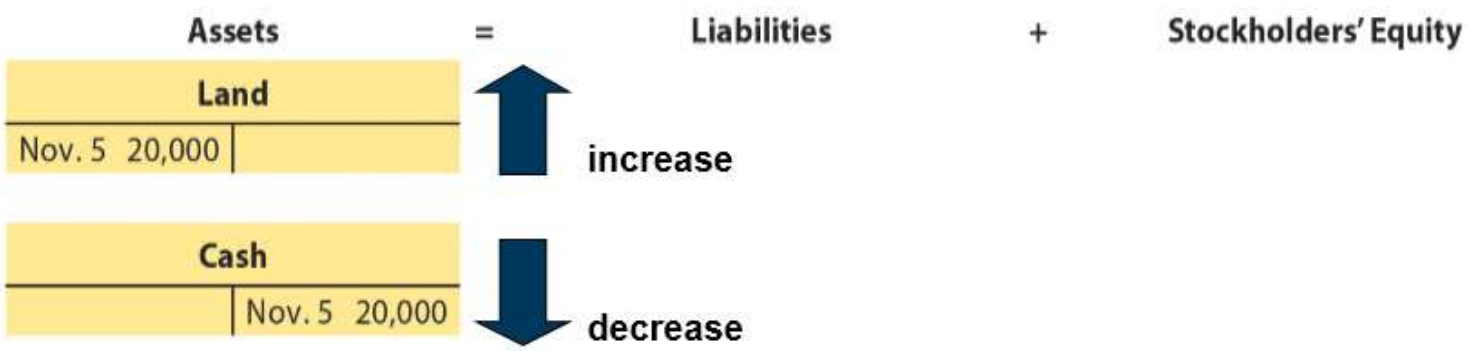
CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Transaction B

- On November 5, NetSolutions paid $20,000 for the purchase of land as a future building site.

| | | | |
|---|---|---|---|
| Nov. 5 | Land | 20,000 | |
| | Cash | | 20,000 |
| | Purchased land for building site. | | |

## Accounting Equation Impact




CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Transaction C

- On November 10, NetSolutions purchased supplies on account for $1,350.

| | | | | |
|---|---|---|---|---|
| Nov. | 10 | Supplies | 1,350 | |
| | | Accounts Payable | | 1,350 |
| | | Purchased supplies on account. | | |

## Accounting Equation Impact

| Assets | = | Liabilities | + | Stockholders' Equity |
|---|---|---|---|---|
| Supplies | | Accounts Payable | | |
| Nov. 10 1,350 | | Nov. 10 1,350 | | |
| increase | | increase | | |

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Transaction D

- On November 18, NetSolutions received cash of $7,500 from customers for services provided.

| | | | |
|---|---|---|---|
| Nov. 18 | Cash | 7,500 | |
| | Fees Earned | | 7,500 |
| | Received fees from customers. | | |

## Accounting Equation Impact

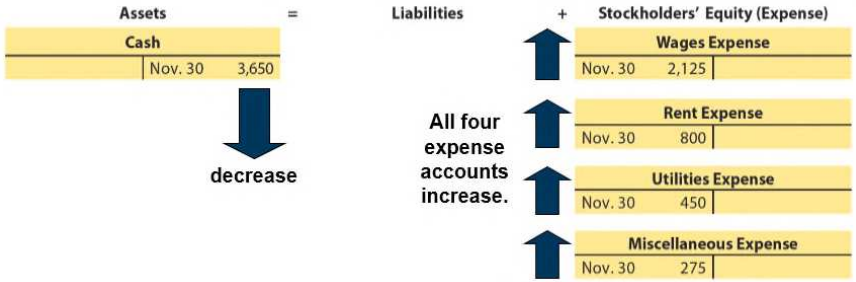
CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Transaction E

- On November 30, NetSolutions incurred the following expenses: wages, $2,125; rent, $800; utilities, $450; and miscellaneous, $275.

| | | | |
|---|---|---|---|
| Nov. 30 | Wages Expense | 2,125 | |
| | Rent Expense | 800 | |
| | Utilities Expense | 450 | |
| | Miscellaneous Expense | 275 | |
| | Cash | | 3,650 |
| | Paid expenses. | | |

## Accounting Equation Impact




CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Transaction F

- On November 30, NetSolutions paid creditors on account, $950.

| | | | |
|---|---|---|---|
| Nov. 30 | Accounts Payable | 950 | |
| | Cash | | 950 |
| | Paid creditors on account. | | |

## Accounting Equation Impact

| Assets | | = | Liabilities | | + | Stockholders' Equity |
|---|---|---|---|---|---|---|
| **Cash** | | | **Accounts Payable** | | | |
| | Nov. 30 950 | | Nov. 30 950 | | | |

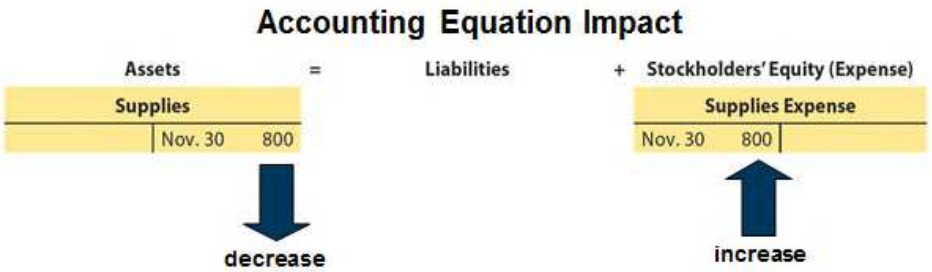
CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Transaction G

- NetSolutions purchased $1,350 of supplies on November 10. Chris Clark determined that the cost of supplies on hand at November 30 was $550. Thus, $800 ($1,350 − $550) of supplies must have been used during November.

| | | | |
|---|---|---|---|
| Nov. 30 | Supplies Expense | 800 | |
| | Supplies | | 800 |
| | Supplies used during November. | | |

## Accounting Equation Impact




CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Transaction H

- On November 30, NetSolutions paid dividends of $2,000.

| Journal | | | | Page 2 |
|---|---|---|---|---|
| Date | Description | Post. Ref. | Debit | Credit |
| 2017 Nov. 30 | Dividends | | 2,000 | |
| | Cash | | | 2,000 |
| | Paid dividends. | | | |

## Accounting Equation Impact

| Assets | = | Liabilities | + | Stockholders' Equity (Dividends) |
|---|---|---|---|---|
| Cash | | | | Dividends |
| Nov. 30 2,000 | | | | Nov. 30 2,000 |
| decrease | | | | increase |

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Check Up Corner: Journal Entries (1 of 2)

Selected transactions from Simmons Urgent Care Inc.'s first month of operations are as follows:

Jan. 1 David Simmons deposited $30,000 in a bank account in the name of Simmons Urgent Care Inc. in exchange for common stock.

2 Purchased medical supplies on account, $6,000.

6 Paid cash to creditors on account, $3,200.

7 Purchased office equipment on account, $62,500.

Prepare the journal entries to record these transactions, and illustrate their impact on the accounting equation using T accounts.

CENGAGE

Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Check Up Corner: Journal Entries (2 of 2)

**Solution:**

The title of the account to be debited is recorded flush left in the Description column.

The amount to be debited is recorded in the Debit column.

The amount to be credited is recorded in the Credit column.

| Date | Description | Debit | Credit |
|---|---|---|---|
| 2017 Jan. 1 | Cash | 30,000 | |
| | Common Stock | | 30,000 |
| 2 | Supplies | 6,000 | |
| | Accounts Payable | | 6,000 |
| 6 | Accounts Payable | 3,200 | |
| | Cash | | 3,200 |
| 7 | Office Equipment | 62,500 | |
| | Accounts Payable | | 62,500 |

The title of the account to be credited is recorded below the debit in the Description column and indented slightly.

Increases in asset accounts are recorded on the debit (left) side of the account.

Increases in liability and stockholders' equity accounts are recorded on the credit (right) side of the account.

**Assets** = **Liabilities** + **Stockholders' Equity**

**Cash**

| | | | |
|---|---|---|---|
| Jan. 1 | 30,000 | Jan. 6 | 3,200 |

**Supplies**

| | | | |
|---|---|---|---|
| Jan. 2 | 6,000 | | |

**Office Equipment**

| | | | |
|---|---|---|---|
| Jan. 7 | 62,500 | | |

**Accounts Payable**

| | | | |
|---|---|---|---|
| Jan. 6 | 3,200 | Jan. 2 | 6,000 |
| | | 7 | 62,500 |

**Common Stock**

| | | | |
|---|---|---|---|
| | | Jan. 1 | 30,000 |

Decreases in liability accounts are recorded on the debit (left) side of the account.

Decreases in asset accounts are recorded on the credit (right) side of the account.

CENGAGE

Copyright © 2019 Cengage. All Rights Reserved.

Corporate Financial Accounting 15th edition Warren Solutions Manual

# Posting Journal Entries to Accounts (1 of 6)

- The process of transferring the debits and credits from the journal entries to the accounts is called **posting**.

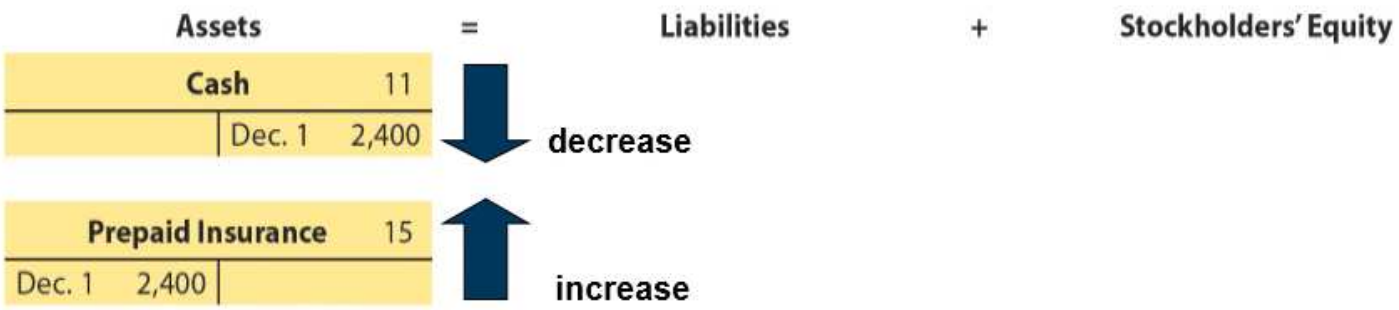
CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Posting Journal Entries to Accounts (2 of 6)

- On December 1, NetSolutions paid a premium of $2,400 for an insurance policy for liability, theft, and fire. The policy covers a one-year period.

| | | | | | |
|---|---|---|---|---|---|
| Dec. | 1 | Prepaid Insurance | 15 | 2,400 | |
| | | Cash | 11 | | 2,400 |
| | | Paid premium on one-year policy. | | | |

## Accounting Equation Impact




CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Posting Journal Entries to Accounts (3 of 6)

- The T account has been replaced by a **standard four-column account** in the next slide.
- In addition to Debit and Credit columns for recording transactions, the standard account form also has Balance (Debit and Credit) columns.
- These Balance columns are used to indicate the account balance after each transaction, sometimes called a *running balance*.

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Posting Journal Entries to Accounts (4 of 6)

**Journal** *Page 2*

| Date | Description | Post. Ref. | Debit | Credit |
|---|---|---|---|---|
| Dec. 1 | Prepaid Insurance | Step 4 → 15 | 2,400 | |
| | Cash | Step 4 → 11 | | 2,400 |
| | Paid premium on one-year policy. | | | |

Step 2

Step 2

**Account** *Prepaid Insurance* — Account No. *15*

| Date | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|
| Step 1 → 20Y3 Dec. 1 | | 2 (Step 3) | 2,400 | | 2,400 | |

**Account** *Cash* — Account No. *11*

| Date | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|
| 20Y3 Nov. 1 | | 1 | 25,000 | | 25,000 | |
| 30 | | 2 | | 2,000 | 5,900 | |
| Step 1 → Dec. 1 | | 2 (Step 3) | | 2,400 | 3,500 | |

CENGAGE

Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Posting Journal Entries to Accounts (5 of 6)

- The debits and credits for each journal entry are posted to the accounts in the order in which they occur in the journal.
- The debit portion of the December 1 journal entry on the previous slide is posted to the prepaid account using the following four steps:
  - Step 1. The date (Dec. 1) of the journal entry is entered in the Date column of Prepaid Insurance and Cash.
  - Step 2. The amount ($2,400) is entered into the Debit column of Prepaid Insurance and the amount ($2,400) is entered into the Credit column of Cash.

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Posting Journal Entries to Accounts (6 of 6)

- Step 3. The journal page number (2) is entered in the Posting Reference (Post. Ref.) column of Prepaid Insurance and Cash.
- Step 4. The account numbers (15) and (11) are entered in the Posting Reference (Post. Ref.) column in the journal.

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Transaction—Paid Rent

On December 1, NetSolutions paid rent for December, $800. The company from which NetSolutions is renting its office space now requires the payment of rent on the first of each month, rather than at the end of the month.

| | | | | |
|---|---|---|---|---|
| Dec. 1 | Rent Expense | 53 | 800 | |
| | Cash | 11 | | 800 |
| | Paid rent for December. | | | |

## Accounting Equation Impact

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Transaction—Unearned Revenue

- On December 1, NetSolutions received an offer from a local retailer to rent the land purchased on November 5. The retailer plans to use the land as a parking lot for its employees and customers. NetSolutions agreed to rent the land to the retailer for three months, with the rent payable in advance. NetSolutions received $360 for three months' rent beginning December 1.
- The liability created by receiving the cash in advance of providing the service is called **unearned revenue**.

| | | | | |
|---|---|---|---|---|
| Dec. 1 | Cash | 11 | 360 | |
| | Unearned Rent | 23 | | 360 |
| | Received advance payment for three months' rent on land. | | | |

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Transaction—Purchased Office Equipment (1 of 2)

## Accounting Equation Impact

| Assets | | = | Liabilities | | + | Stockholders' Equity |
|---|---|---|---|---|---|---|
| Cash | 11 | | Unearned Rent | 23 | | |
| Dec. 1 | 360 | | | Dec. 1 | 360 | |
| increase | | | | increase | | |

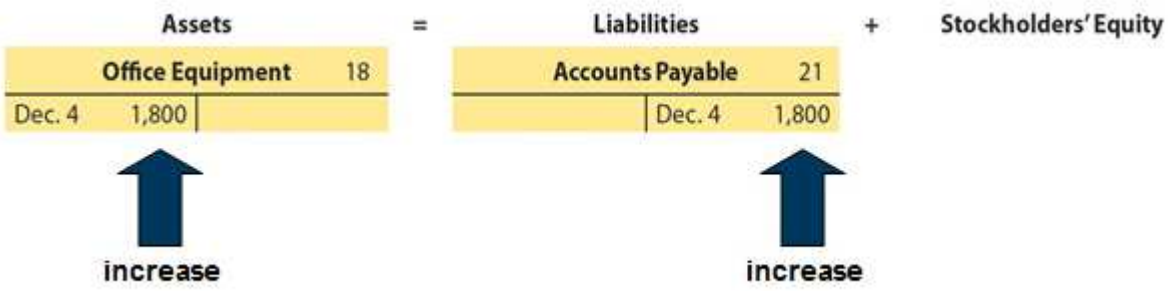
CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Transaction—Purchased Office Equipment (2 of 2)

- On December 4, NetSolutions purchased office equipment on account from Executive Supply Co. for $1,800.

| | | | | |
|---|---|---|---|---|
| Dec. 4 | Office Equipment | 18 | 1,800 | |
| | Accounts Payable | 21 | | 1,800 |
| | Purchased office equipment on account. | | | |

## Accounting Equation Impact




CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Transaction—Paid for Advertisement

- On December 6, NetSolutions paid $180 for a newspaper advertisement.

| | | | | |
|---|---|---|---|---|
| Dec. 6 | Miscellaneous Expense | 59 | 180 | |
| | Cash | 11 | | 180 |
| | Paid for newspaper advertisement. | | | |

## Accounting Equation Impact

| Assets | | = | Liabilities | + | Stockholders' Equity (Expense) | |
|---|---|---|---|---|---|---|
| Cash | 11 | | | | Miscellaneous Exp. | 59 |
| | Dec. 6 180 | | | | Dec. 6 180 | |
| decrease | | | | | increase | |

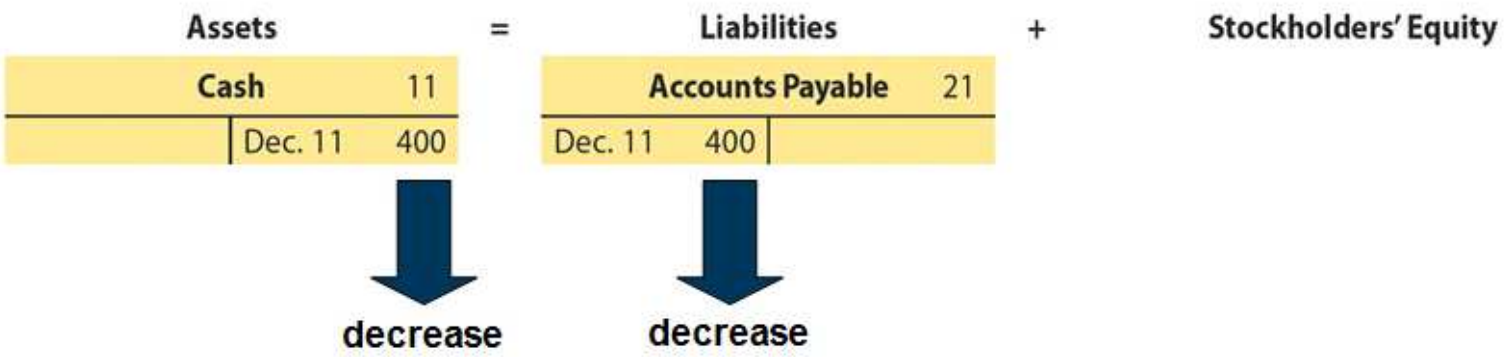
CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Transaction—Paid Creditors (1 of 2)

- On December 11, NetSolutions paid creditors $400.

| | | | | |
|---|---|---|---|---|
| Dec. 11 | Accounts Payable | 21 | 400 | |
| | Cash | 11 | | 400 |
| | Paid creditors on account. | | | |

## Accounting Equation Impact




CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Transaction—Paid Wages (1 of 2)

- On December 13, NetSolutions paid a receptionist and a part-time assistant $950 for two weeks' wages.

| Journal | | | | | Page 3 |
|---|---|---|---|---|---|
| Date | | Description | Post. Ref. | Debit | Credit |
| 20Y3 | | | | | |
| Dec. | 13 | Wages Expense | 51 | 950 | |
| | | Cash | 11 | | 950 |
| | | Paid two weeks' wages. | | | |

## Accounting Equation Impact

| Assets | | = | Liabilities | + | Stockholders' Equity (Expense) | |
|---|---|---|---|---|---|---|
| Cash | 11 | | | | Wages Expense | 51 |
| Dec. 13 | 950 | | | | Dec. 13 950 | |
| decrease | | | | | increase | |

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Transaction—Received Fees (1 of 2)

- On December 16, NetSolutions received $3,100 from fees earned for the first half of December.

| | | | | |
|---|---|---|---|---|
| Dec. 16 | Cash | 11 | 3,100 | |
| | Fees Earned | 41 | | 3,100 |
| | Received fees from customers. | | | |

## Accounting Equation Impact

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Transaction—Fees Earned on Account (1 of 2)

- When a business agrees that a customer may pay for services provided at a later date, an **account receivable** is created.
  - An account receivable is a claim against the customer.
  - An account receivable is an asset, and the revenue is earned even though no cash has been received.

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Transaction—Fees Earned on Account (2 of 2)

- Fees earned on account totaled $1,750 for the first half of December.

| | | | | |
|---|---|---|---|---|
| Dec. 16 | Accounts Receivable | 12 | 1,750 | |
| | Fees Earned | 41 | | 1,750 |
| | Fees earned on account. | | | |

## Accounting Equation Impact

| Assets | | = | Liabilities | + | Stockholders' Equity (Revenue) | |
|---|---|---|---|---|---|---|
| Accounts Receivable | 12 | | | | Fees Earned | 41 |
| Dec. 16 1,750 | | | | | Dec. 16 | 1,750 |
| increase | | | | | increase | |

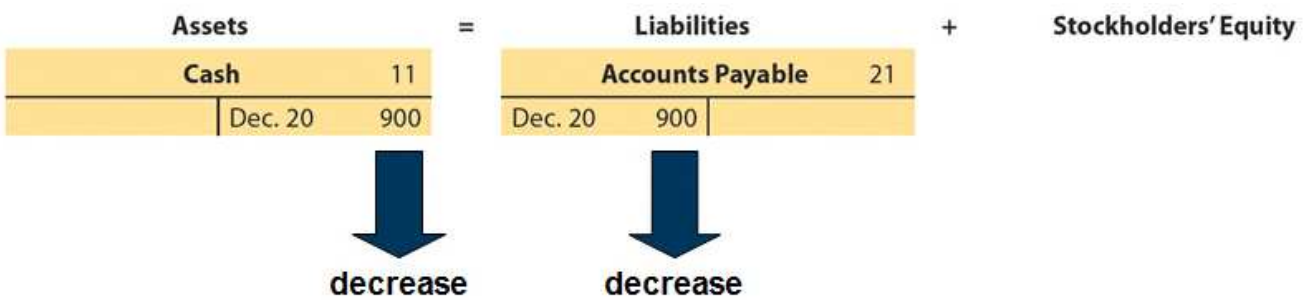
CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Transaction—Paid Creditors (2 of 2)

- On December 20, NetSolutions paid $900 to Executive Supply Co. on the $1,800 debt owed from the December 4 transaction.

| | | | | |
|---|---|---|---|---|
| Dec. 20 | Accounts Payable | 21 | 900 | |
| | Cash | 11 | | 900 |
| | Paid creditors on account. | | | |

## Accounting Equation Impact




CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Transaction—Received Payment on Account

- On December 21, NetSolutions received $650 from customers in payment of their accounts.

| | | | | |
|---|---|---|---|---|
| Dec. 21 | Cash | 11 | 650 | |
| | Accounts Receivable | 12 | | 650 |
| | Received cash from customers on account. | | | |

## Accounting Equation Impact

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Transaction—Paid for Supplies

- On December 23, NetSolutions paid $1,450 for supplies.

| | | | | |
|---|---|---|---|---|
| Dec. 23 | Supplies | 14 | 1,450 | |
| | Cash | 11 | | 1,450 |
| | Purchased supplies. | | | |

## Accounting Equation Impact

| Assets | = | Liabilities | + | Stockholders' Equity |
|---|---|---|---|---|

| Cash | 11 |
|---|---|
| Dec. 23 | 1,450 |

decrease

| Supplies | 14 |
|---|---|
| Dec. 23 1,450 | |

increase

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Transaction—Paid Wages (2 of 2)

- On December 27, NetSolutions paid the receptionist and the part-time assistant $1,200 for two weeks' wages.

| | | | | | |
|---|---|---|---|---|---|
| Dec. | 27 | Wages Expense | 51 | 1,200 | |
| | | Cash | 11 | | 1,200 |
| | | Paid two weeks' wages. | | | |

## Accounting Equation Impact

| Assets | | = | Liabilities | + | Stockholders' Equity (Expense) | |
|---|---|---|---|---|---|---|
| Cash | 11 | | | | Wages Expense | 51 |
| Dec. 27 | 1,200 | | | | Dec. 27 | 1,200 |
| decrease | | | | | increase | |

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Transaction—Paid Telephone Bill

- On December 31, NetSolutions paid its $310 telephone bill for the month.

| | | | | | |
|---|---|---|---|---|---|
| Dec. | 31 | Utilities Expense | 54 | 310 | |
| | | Cash | 11 | | 310 |
| | | Paid telephone bill. | | | |

## Accounting Equation Impact

| Assets | | = | Liabilities | + | Stockholders' Equity (Expense) | |
|---|---|---|---|---|---|---|
| Cash | 11 | | | | Utilities Expense | 54 |
| Dec. 31 | 310 | | | | Dec. 31 | 310 |
| decrease | | | | | increase | |

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Transaction—Paid Electric Bill

- On December 31, NetSolutions paid its $225 electric bill for the month.

| Journal | | | | Page 4 |
|---|---|---|---|---|
| Date | Description | Post. Ref. | Debit | Credit |
| 2017 | | | | |
| Dec. 31 | Utilities Expense | 54 | 225 | |
| | Cash | 11 | | 225 |
| | Paid electric bill. | | | |

## Accounting Equation Impact

| Assets | | = | Liabilities | + | Stockholders' Equity (Expense) | |
|---|---|---|---|---|---|---|
| Cash | 11 | | | | Utilities Expense | 54 |
| Dec. 31 | 225 | | | | Dec. 31 225 | |
| decrease | | | | | increase | |

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Transaction—Received Fees (2 of 2)

- On December 31, NetSolutions received $2,870 from fees earned for the second half of December.

| | | | | | |
|---|---|---|---|---|---|
| Dec. | 31 | Cash | 11 | 2,870 | |
| | | Fees Earned | 41 | | 2,870 |
| | | Received fees from customers. | | | |

## Accounting Equation Impact

| Assets | | = | Liabilities | + | Stockholders' Equity (Revenue) | |
|---|---|---|---|---|---|---|
| Cash | 11 | | | | Fees Earned | 41 |
| Dec. 31 2,870 | | | | | Dec. 31 | 2,870 |
| increase | | | | | increase | |

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Transaction—Fees Earned on Account

- On December 31, fees earned on account totaled $1,120 for the second half of December.

| | | | | | |
|---|---|---|---|---|---|
| Dec. | 31 | Accounts Receivable | 12 | 1,120 | |
| | | Fees Earned | 41 | | 1,120 |
| | | Fees earned on account. | | | |

## Accounting Equation Impact

| Assets | = | Liabilities | + | Stockholders' Equity (Revenue) |
|---|---|---|---|---|
| Accounts Receivable 12 | | | | Fees Earned 41 |
| Dec. 31 1,120 | | | | Dec. 31 1,120 |
| increase | | | | increase |

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Transaction—Paid Dividends

- On December 31, NetSolutions paid dividends of $2,000.

| | | | | | |
|---|---|---|---|---|---|
| Dec. | 31 | Dividends | 33 | 2,000 | |
| | | Cash | 11 | | 2,000 |
| | | Paid dividends. | | | |

## Accounting Equation Impact

| Assets | = | Liabilities | + | Stockholders' Equity (Dividends) |
|---|---|---|---|---|
| Cash 11 | | | | Dividends 33 |
| Dec. 31 2,000 | | | | Dec. 31 2,000 |
| decrease | | | | increase |

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# General Ledger for NetSolutions (1 of 3)

**Ledger**

**Account** *Cash* — Account No. *11*

| Date | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|
| 20Y3 Nov. 1 | | 1 | 25,000 | | 25,000 | |
| 5 | | 1 | | 20,000 | 5,000 | |
| 18 | | 1 | 7,500 | | 12,500 | |
| 30 | | 1 | | 3,650 | 8,850 | |
| 30 | | 1 | | 950 | 7,900 | |
| 30 | | 2 | | 2,000 | 5,900 | |
| Dec. 1 | | 2 | | 2,400 | 3,500 | |
| 1 | | 2 | | 800 | 2,700 | |
| 1 | | 2 | 360 | | 3,060 | |
| 6 | | 2 | | 180 | 2,880 | |
| 11 | | 2 | | 400 | 2,480 | |
| 13 | | 3 | | 950 | 1,530 | |
| 16 | | 3 | 3,100 | | 4,630 | |
| 20 | | 3 | | 900 | 3,730 | |
| 21 | | 3 | 650 | | 4,380 | |
| 23 | | 3 | | 1,450 | 2,930 | |
| 27 | | 3 | | 1,200 | 1,730 | |
| 31 | | 3 | | 310 | 1,420 | |
| 31 | | 4 | | 225 | 1,195 | |
| 31 | | 4 | 2,870 | | 4,065 | |
| 31 | | 4 | | 2,000 | 2,065 | |

**Account** *Accounts Receivable* — Account No. *12*

| Date | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|
| 20Y3 Dec. 16 | | 3 | 1,750 | | 1,750 | |
| 21 | | 3 | | 650 | 1,100 | |
| 31 | | 4 | 1,120 | | 2,220 | |

**Account** *Supplies* — Account No. *14*

| Date | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|
| 20Y3 Nov. 10 | | 1 | 1,350 | | 1,350 | |
| 30 | | 1 | | 800 | 550 | |
| Dec. 23 | | 3 | 1,450 | | 2,000 | |

**Account** *Prepaid Insurance* — Account No. *15*

| Date | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|
| 20Y3 Dec. 1 | | 2 | 2,400 | | 2,400 | |

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# General Ledger for NetSolutions (2 of 3)

**Account** *Land* — Account No. *17*

| Date | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|
| 20Y3 Nov. 5 | | 1 | 20,000 | | 20,000 | |

**Account** *Office Equipment* — Account No. *18*

| Date | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|
| 20Y3 Dec. 4 | | 2 | 1,800 | | 1,800 | |

**Account** *Accounts Payable* — Account No. *21*

| Date | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|
| 20Y3 Nov. 10 | | 1 | | 1,350 | | 1,350 |
| 30 | | 1 | 950 | | | 400 |
| Dec. 4 | | 2 | | 1,800 | | 2,200 |
| 11 | | 2 | 400 | | | 1,800 |
| 20 | | 3 | 900 | | | 900 |

**Account** *Unearned Rent* — Account No. *23*

| Date | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|
| 20Y3 Dec. 1 | | 2 | | 360 | | 360 |

**Account** *Common Stock* — Account No. *31*

| Date | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|
| 20Y3 Nov. 1 | | 1 | | 25,000 | | 25,000 |

**Account** *Dividends* — Account No. *33*

| Date | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|
| 20Y3 Nov. 30 | | 2 | 2,000 | | 2,000 | |
| Dec. 31 | | 4 | 2,000 | | 4,000 | |

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# General Ledger for NetSolutions (3 of 3)

**Account** *Fees Earned* — Account No. *41*

| Date | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|
| 2017 Nov. 18 | | 1 | | 7,500 | | 7,500 |
| Dec. 16 | | 3 | | 3,100 | | 10,600 |
| 16 | | 3 | | 1,750 | | 12,350 |
| 31 | | 4 | | 2,870 | | 15,220 |
| 31 | | 4 | | 1,120 | | 16,340 |

**Account** *Wages Expense* — Account No. *51*

| Date | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|
| 2017 Nov. 30 | | 1 | 2,125 | | 2,125 | |
| Dec. 13 | | 3 | 950 | | 3,075 | |
| 27 | | 3 | 1,200 | | 4,275 | |

**Account** *Supplies Expense* — Account No. *52*

| Date | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|
| 2017 Nov. 30 | | 1 | 800 | | 800 | |

**Account** *Rent Expense* — Account No. *53*

| Date | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|
| 2017 Nov. 30 | | 1 | 800 | | 800 | |
| Dec. 1 | | 2 | 800 | | 1,600 | |

**Account** *Utilities Expense* — Account No. *54*

| Date | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|
| 2017 Nov. 30 | | 1 | 450 | | 450 | |
| Dec. 31 | | 3 | 310 | | 760 | |
| 31 | | 4 | 225 | | 985 | |

**Account** *Miscellaneous Expense* — Account No. *59*

| Date | Item | Post. Ref. | Debit | Credit | Balance Debit | Balance Credit |
|---|---|---|---|---|---|---|
| 2017 Nov. 30 | | 1 | 275 | | 275 | |
| Dec. 6 | | 2 | 180 | | 455 | |

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Trial Balance (1 of 4)

- The equality of debits and credits in the ledger should be proven at the end of each accounting period by preparing a **trial balance**.

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Trial Balance (2 of 4)

- The steps in preparing a trial balance are as follows:
  - Step 1. List the name of the company, the title of the trial balance, and the date the trial balance is prepared.
  - Step 2. List the accounts from the ledger, and enter their debit or credit balance in the Debit or Credit column of the trial balance.
  - Step 3. Total the Debit and Credit columns of the trial balance.
  - Step 4. Verify that the total of the Debit column equals the total of the Credit column.

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Trial Balance (3 of 4)

- An **unadjusted trial balance** is distinguished from an adjusted trial balance and a post-closing trial balance. (The latter two are prepared in later chapters and include additional information.)

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Trial Balance (4 of 4)

Step 1

**NetSolutions**
**Unadjusted Trial Balance**
December 31, 20Y3

Step 2

| | Account No. | Debit Balances | Credit Balances |
|---|---|---|---|
| Cash | 11 | 2,065 | |
| Accounts Receivable | 12 | 2,220 | |
| Supplies | 14 | 2,000 | |
| Prepaid Insurance | 15 | 2,400 | |
| Land | 17 | 20,000 | |
| Office Equipment | 18 | 1,800 | |
| Accounts Payable | 21 | | 900 |
| Unearned Rent | 23 | | 360 |
| Common Stock | 31 | | 25,000 |
| Dividends | 33 | 4,000 | |
| Fees Earned | 41 | | 16,340 |
| Wages Expense | 51 | 4,275 | |
| Supplies Expense | 52 | 800 | |
| Rent Expense | 53 | 1,600 | |
| Utilities Expense | 54 | 985 | |
| Miscellaneous Expense | 59 | 455 | |
| | | 42,600 | 42,600 |

Steps 3–4

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Errors Affecting the Trial Balance

- A **transposition** occurs when the order of the digits is copied incorrectly, such as writing $542 as $452 or $524.
- In a **slide**, the entire number is copied incorrectly one or more spaces to the right or the left, such as writing $542.00 as $54.20 or $5,420.00.

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Errors Not Affecting the Trial Balance (1 of 3)

- Errors that do not cause the trial balance totals to be unequal may be discovered when preparing the trial balance or may be indicated by an unusual account balance. For example, since a business cannot have "negative" supplies, a credit balance in the supplies account indicates an error has occurred.
- If an error has already been journalized and posted to the ledger, a **correcting journal entry** is normally prepared.

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Errors Not Affecting the Trial Balance (2 of 3)

- Assume that on May 5, a $12,500 purchase of office equipment on account was incorrectly journalized and posted as a debit to Supplies and a credit to Cash for $12,500.
- The error was discovered on May 31.
- Before making the correcting journal entry, the journal entry that was made in error is compared to the entry that should have been made.
- By comparing these two journal entries, the correcting journal entry can be determined.

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Errors Not Affecting the Trial Balance (3 of 3)

| Journal Entry That Was Made in Error | | | | |
|---|---|---|---|---|
| May 5 | **Supplies** | 14 | 12,500 | |
| | Cash | 11 | | 12,500 |

| Journal Entry That Should Have Been Made | | | | |
|---|---|---|---|---|
| May 5 | **Office Equipment** | 18 | 12,500 | |
| | Cash | 11 | | 12,500 |

**Comparison**

**Office Equipment instead of Supplies should have been debited.**

**Cash is correctly credited for $12,500.**

| Correcting Journal Entry | | | | |
|---|---|---|---|---|
| May 31 | Office Equipment | 18 | 12,500 | |
| | Supplies | 14 | | 12,500 |
| | To correct entry of May 5 erroneously debiting Supplies instead of Office Equipment. | | | |

CENGAGE

Copyright © 2019 Cengage. All Rights Reserved.

Corporate Financial Accounting 15th edition Warren Solutions Manual

# Check Up Corner: Trial Balance (1 of 3)

The accounts in the ledger of Simmons Urgent Care Inc. as of December 31, 20Y7, are listed in alphabetical order as follows. All accounts have normal balances.

| | | |
|---|---|---|
| 21 | Accounts Payable | $ 7,200 |
| 12 | Accounts Receivable | 22,000 |
| 11 | Cash | 21,000 |
| 31 | Common Stock | 30,000 |
| 33 | Dividends | 15,000 |
| 41 | Fees Earned | 250,000 |
| 59 | Miscellaneous Expense | 2,200 |
| 18 | Office Equipment | $ 62,500 |
| 53 | Rent Expense | 12,000 |
| 32 | Retained Earnings | 36,300 |
| 14 | Supplies | 7,800 |
| 52 | Supplies Expense | 22,000 |
| 54 | Utilities Expense | 4,000 |
| 51 | Wages Expense | 155,000 |

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Check Up Corner: Trial Balance (2 of 3)

Prepare an unadjusted trial balance, listing the accounts in their normal order.

CENGAGE

Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Check Up Corner: Trial Balance (3 of 3)

**Solution:**

Balances from accounts with a normal debit balance are shown in the left column.

Balances from accounts with a normal credit balance are shown in the right column.

**Simmons Urgent Care Inc.**
**Unadjusted Trial Balance**
**December 31, 20Y7**

| | Account No. | Debit Balances | Credit Balances |
|---|---|---|---|
| Cash | 11 | 21,000 | |
| Accounts Receivable | 12 | 22,000 | |
| Supplies | 14 | 7,800 | |
| Office Equipment | 18 | 62,500 | |
| Accounts Payable | 21 | | 7,200 |
| Common Stock | 31 | | 30,000 |
| Retained Earnings | 32 | | 36,300 |
| Dividends | 33 | 15,000 | |
| Fees Earned | 41 | | 250,000 |
| Wages Expense | 51 | 155,000 | |
| Supplies Expense | 52 | 22,000 | |
| Rent Expense | 53 | 12,000 | |
| Utilities Expense | 54 | 4,000 | |
| Miscellaneous Expense | 59 | 2,200 | |
| | | 323,500 | 323,500 |

Accounts from the general ledger are presented in the order in which they appear in the ledger.

The trial balance verifies that the total debits equal total credits. If total debits do not equal total credits, an error has occurred.

CENGAGE

Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Analysis for Decision Making: Horizontal Analysis (1 of 2)

- In **horizontal analysis**, the amount of each item on a current financial statement is compared with the same item on an earlier statement.
- The increase or decrease in the *amount* of the item is computed together with the *percent* of increase or decrease.
- When two statements are being compared, the earlier statement is used as the base for computing the amount and the percent of change.

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual

# Analysis for Decision Making: Horizontal Analysis (2 of 2)

**J. Holmes, Attorney-at-Law**
**Income Statements**
**For the Years Ended December 31**

| | | | Increase/(Decrease) | |
|---|---|---|---|---|
| | **20Y7** | **20Y6** | **Amount** | **Percent** |
| Fees earned | $187,500 | $150,000 | $37,500 | 25.0%* |
| Expenses: | | | | |
| Wages expense | $ (60,000) | $ (45,000) | $15,000 | 33.3% |
| Rent expense | (15,000) | (12,000) | 3,000 | 25.0% |
| Utilities expense | (12,500) | (9,000) | 3,500 | 38.9% |
| Supplies expense | (2,700) | (3,000) | (300) | (10.0)% |
| Miscellaneous expense | (2,300) | (1,800) | 500 | 27.8% |
| Total expenses | $ (92,500) | $ (70,800) | $21,700 | 30.6% |
| Net income | $ 95,000 | $ 79,200 | $15,800 | 19.9% |

*$37,500 ÷ $150,000

CENGAGE
Copyright © 2019 Cengage. All Rights Reserved.
Corporate Financial Accounting 15th edition Warren Solutions Manual