

Assignment problems Assignment problems

E4-7 Victoria Lee Company had the following adjusted trial balance.

Prepare closing entries, and prepare a post-closing trial balance.

(LO 2)

VICTORIA LEE COMPANY
Adjusted Trial Balance
For the Month Ended June 30, 2017

Account Titles	Adjusted Trial Balance	
	Debit	Credit
Cash	\$ 3,712	
Accounts Receivable	3,904	
Supplies	480	
Accounts Payable		\$ 1,382
Unearned Service Revenue		160
Owner's Capital		5,760
Owner's Drawings	550	
Service Revenue		4,300
Salaries and Wages Expense	1,260	
Miscellaneous Expense	256	
Supplies Expense	1,900	
Salaries and Wages Payable		460
	<u>\$12,062</u>	<u>\$12,062</u>

Instructions

- Prepare closing entries at June 30, 2017.
- Prepare a post-closing trial balance.

Classify accounts on balance sheet.

(LO 4)

E4-15 The following are the major balance sheet classifications.

Current assets (CA)	Current liabilities (CL)
Long-term investments (LTI)	Long-term liabilities (LTL)
Property, plant, and equipment (PPE)	Owner's equity (OE)
Intangible assets (IA)	

Instructions

Classify each of the following accounts taken from Faust Company's balance sheet.

_____ Accounts payable	_____ Accumulated depreciation—equipment
_____ Accounts receivable	_____ Buildings
_____ Cash	_____ Land (in use)
_____ Owner's capital	_____ Notes payable (due in 2 years)
_____ Patents	_____ Supplies
_____ Salaries and wages payable	_____ Equipment
_____ Inventory	_____ Prepaid expenses
_____ Stock investments (to be sold in 7 months)	

Prepare a classified balance sheet.

(LO 4)

E4-16 The following items were taken from the financial statements of J. Pineda Company. (All amounts are in thousands.)

Long-term debt	\$ 1,000	Accumulated depreciation—equipment	\$ 5,655
Prepaid insurance	880	Accounts payable	1,444
Equipment	11,500	Notes payable (due after 2018)	400
Stock investments (long-term)	264	Owner's capital	12,955
Debt investments (short-term)	3,690	Accounts receivable	1,696
Notes payable (due in 2018)	500	Inventory	1,256
Cash	2,668		

Instructions

Prepare a classified balance sheet in good form as of December 31, 2017.

Prepare financial statements.

(LO 4)

E4-17 These financial statement items are for Basten Company at year-end, July 31, 2017.

Salaries and wages payable	\$ 2,080	Notes payable (long-term)	\$ 1,800
Salaries and wages expense	48,700	Cash	14,200
Utilities expense	22,600	Accounts receivable	9,780
Equipment	34,400	Accumulated depreciation—equipment	6,000
Accounts payable	4,100	Owner's drawings	3,000
Service revenue	63,000	Depreciation expense	4,000
Rent revenue	8,500	Owner's capital (beginning of the year)	51,200

Instructions

- Prepare an income statement and an owner's equity statement for the year. The owner did not make any new investments during the year.
- Prepare a classified balance sheet at July 31.

EXERCISE 4-7

(a) Service Revenue.....	4,300	
Income Summary		4,300
Income Summary	3,416	
Salaries and Wages Expense		1,260
Miscellaneous Expense		256
Supplies Expense.....		1,900
Income Summary	884	
Owner's Capital		884
Owner's Capital	550	
Owner's Drawings		550

(b) **VICTORIA LEE COMPANY**
Post-Closing Trial Balance
June 30, 2017

<u>Account Titles</u>	<u>Debit</u>	<u>Credit</u>
Cash	\$3,712	
Accounts Receivable	3,904	
Supplies	480	
Accounts Payable		\$1,382
Salaries and Wages Payable		460
Unearned Service Revenue		160
Owner's Capital		6,094
	<u>\$8,096</u>	<u>\$8,096</u>

EXERCISE 4-15

<u>CL</u> Accounts payable	<u>PPE</u> Accumulated depreciation– equipment
<u>CA</u> Accounts receivable	<u>PPE</u> Buildings
<u>CA</u> Cash	<u>PPE</u> Land
<u>OE</u> Owner's capital	<u>LTL</u> Notes payable (due in 2 years)
<u>IA</u> Patents	<u>CA</u> Supplies
<u>CL</u> Salaries and wages payable	<u>PPE</u> Equipment
<u>CA</u> Inventory	<u>CA</u> Prepaid expenses
<u>CA</u> Stock investments	

EXERCISE 4-16

J. PINEDA COMPANY
Balance Sheet
December 31, 2017
(in thousands)

Assets		
Current assets		
Cash.....	\$ 2,668	
Short-term investments.....	3,690	
Accounts receivable.....	1,696	
Inventory	1,256	
Prepaid insurance.....	<u>880</u>	
Total current assets		\$10,190
Long-term investments.....		264
Property, plant, and equipment		
Equipment.....	11,500	
Less: Accumulated depreciation— equipment.....	<u>(5,655)</u>	<u>5,845</u>
Total assets		<u>\$16,299</u>
Liabilities and Owner's Equity		
Current liabilities		
Notes payable (due in 2018).....	\$ 500	
Accounts payable	<u>1,444</u>	
Total current liabilities		\$ 1,944
Long-term liabilities		
Long-term debt	1,000	
Notes payable	<u>400</u>	
Total long-term liabilities		<u>1,400</u>
Total liabilities		3,344
Owner's equity		
Owner's capital		<u>12,955</u>
Total liabilities and owner's equity ...		<u>\$16,299</u>

EXERCISE 4-17

(a)

BASTEN COMPANY
Income Statement
For the Year Ended July 31, 2017

Revenues		
Service revenue	\$63,000	
Rent revenue	<u>8,500</u>	
Total revenues		\$71,500
Expenses		
Salaries and wages expense.....	48,700	
Utilities expense	22,600	
Depreciation expense.....	<u>4,000</u>	
Total expense		<u>75,300</u>
Net loss		<u><u>\$ (3,800)</u></u>

BASTEN COMPANY
Owner's Equity Statement
For the Year Ended July 31, 2017

Owner's Capital, August 1, 2016		\$51,200
Less: Net loss	\$3,800	
Drawings	<u>3,000</u>	<u>6,800</u>
Owner's Capital, July 31, 2017		<u><u>\$44,400</u></u>

EXERCISE 4-17 (Continued)**(b)****BASTEN COMPANY
Balance Sheet
July 31, 2017**

Assets		
Current assets		
Cash.....	\$14,200	
Accounts receivable.....	<u>9,780</u>	
Total current assets		\$23,980
Property, plant, and equipment		
Equipment.....	34,400	
Less: Accumulated depreciation— equipment.....	<u>6,000</u>	<u>28,400</u>
Total assets		<u><u>\$52,380</u></u>
 Liabilities and Owner's Equity		
Current liabilities		
Accounts payable.....	\$4,100	
Salaries and wages payable	<u>2,080</u>	
Total current liabilities		\$ 6,180
Long-term liabilities		
Notes payable		<u>1,800</u>
Total liabilities		7,980
Owner's equity		
Owner's capital		<u>44,400</u>
Total liabilities and owner's equity		<u><u>\$52,380</u></u>

