

Accounting Cycle Problem Data ~ Version A

Accounting Cycle Problem ~ perform all of the steps of the accounting cycle

(using the working papers provided in a separate file)!

See transactions
listed on page 2.

1. Record each transaction in the journal using the following chart of accounts. Explanations are not required.

Cash	Milton, Withdrawals
Accounts Receivable	Income Summary
Office Supplies	Service Revenue
Prepaid Insurance	Salaries Expense
Truck	Depreciation Expense—Truck
Accumulated Depreciation—Truck	Insurance Expense
Accounts Payable	Fuel Expense
Salaries Payable	Rent Expense
Unearned Revenue	Supplies Expense
Milton, Capital	

2. Post the transactions in the T-accounts.
3. Prepare an unadjusted trial balance as of December 31, 2018.
4. Journalize the adjusting entries using the following adjustment data and also by reviewing the journal entries prepared in Requirement 1. Post adjusting entries to the T-accounts.
Adjustment data:
 - a. Accrued Salaries Expense, \$900.
 - b. Depreciation was recorded on the truck using the straight-line method. Assume a useful life of 5 years and a salvage value of \$2,000.
 - c. Prepaid Insurance for the month has expired.
 - d. Office Supplies on hand, \$100.
 - e. Unearned Revenue earned during the month, \$400.
 - f. Accrued Service Revenue, \$750.
5. Prepare an adjusted trial balance as of December 31, 2018.
6. Prepare Milton Delivery Service's income statement and statement of owner's equity for the month ended December 31, 2018, and the classified balance sheet on that date. On the income statement, list expenses in decreasing order by amount—that is, the largest expense first, the smallest expense last.
7. Journalize the closing entries and post to the T-accounts.
8. Prepare a post-closing trial balance as of December 31, 2018.

Accounting Cycle Problem Data ~ Version A

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|------|----|--|
| Dec. | 1 | Milton Delivery Service began operations by receiving \$21,000 cash and a truck with a fair value of \$17,000 from Richard Milton. The business issued Milton capital in exchange for this contribution. |
| | 1 | Paid \$1,000 cash for a four-month insurance policy. The policy begins December 1. |
| | 4 | Paid \$600 cash for office supplies. |
| | 12 | Performed delivery services for a customer and received \$2,300 cash. |
| | 15 | Completed a large delivery job, billed the customer, \$2,800, and received a promise to collect the \$2,800 within one week. |
| | 18 | Paid employee salary, \$900. |
| | 20 | Received \$14,000 cash for performing delivery services. |
| | 22 | Collected \$1,100 in advance for delivery service to be performed later. |
| | 25 | Collected \$2,800 cash from customer on account. |
| | 27 | Purchased fuel for the truck, paying \$400 on account. (Credit Accounts Payable) |
| | 28 | Performed delivery services on account, \$1,000. |
| | 29 | Paid office rent, \$1,500, for the month of December. |
| | 30 | Paid \$400 on account. |
| | 31 | Milton withdrew cash of \$3,000. |

GENERAL JOURNAL (for all entries: regular, adjusting, and closing)			
Date	Account Names	Debit	Credit
12/1	CASH	\$ 21,000	
	TRUCK	17,000	
	MILTON CAPITAL		38,000
12/1	PREPAID INSURANCE	1,000	
	CASH		1,000
12/4	OFFICE SUPPLIES	600	
	CASH		600
12/12	CASH	2,300	
	SERVICE REVENUE		2,300
12/15	ACCOUNTS RECEIVABLE	2,800	
	SERVICE REVENUE		2,800
12/18	SALARIES EXPENSE	900	
	CASH		900
12/20	CASH	14,000	
	SERVICE REVENUE		14,000
12/22	CASH	1,100	
	UNEARNED REVENUE		1,100
12/25	CASH	2,800	
	ACCOUNTS RECEIVABLE		2,800
12/27	FUEL EXPENSE	400	
	ACCOUNTS PAYABLE		400
12/28	ACCOUNTS RECEIVABLE	1,000	
	SERVICE REVENUE		1,000
12/29	RENT EXPENSE	1,500	
	CASH		1,500
12/30	ACCOUNTS PAYABLE	400	
	CASH		400
12/31	MILTON WITHDRAWALS	3,000	
	CASH		3,000

GENERAL JOURNAL (for all entries: regular, adjusting, and closing)

Date	Account Names	Debit	Credit
(ADJ)	SALARIES EXPENSE	900	
	SALARIES PAYABLE		900
	TO ACCRUE SALARIES EXPENSE		
(ADJ)	DEPRECIATION EXPENSE - TRUCK	250	
	ACCUM. DEPRECIATION - TRUCK		250
	TO RECORD DEPR. ON TRUCK		
(ADJ)	INSURANCE EXPENSE	250	
	PREPAID INSURANCE		250
	TO RECORD INSURANCE EXPENSE		
(ADJ)	SUPPLIES EXPENSE	500	
	OFFICE SUPPLIES		500
	TO RECORD OFFICE SUPPLIES USED		
(ADJ)	UNEARNED REVENUE	400	
	SERVICE REVENUE		400
	TO RECORD SERVICE REVENUE EARNED COLLECTED IN ADVANCE		
(ADJ)	ACCOUNTS RECEIVABLE	750	
	SERVICE REVENUE		750
	TO ACCRUE SERVICE REVENUE		

GENERAL JOURNAL (for all entries: regular, adjusting, and closing)

Date	Account Names	Debit	Credit
CLOSING	SERVICE REVENUE	21,250	
	INCOME SUMMARY		21,250
	TO CLOSE SERVICE REVENUE		
CLOSING	INCOME SUMMARY	4,700	
	SALARIES EXPENSE		1,800
	RENT EXPENSE		1,500
	SUPPLIES EXPENSE		500
	FUEL EXPENSE		400
	INSURANCE EXPENSE		250
	DEPR. EXPENSE - TRUCK		250
	TO CLOSE EXPENSES		
CLOSING	INCOME SUMMARY	16,550	
	MILTON CAPITAL		16,550
	TO CLOSE INCOME SUMMARY		
CLOSING	MILTON CAPITAL	3,000	
	MILTON WITHDRAWALS		3,000
	TO CLOSE WITHDRAWALS		

Name TAYLOR GILLIS

Ledger

GENERAL LEDGER (post all here: regular, adjusting, and closing!)

Cash	
12/1	21,000
12/12	2,300
12/20	14,000
12/22	1,100
12/25	2,800
BAL	33,800

Accounts Receivable	
12/15	2,800
12/28	1,000
ADJ	750
BAL	1,750

Office Supplies	
12/4	600
ADJ	500
BAL	100

Prepaid Insurance	
12/1	1,000
ADJ	250
BAL	750

Truck	
12/1	17,000
BAL	17,000

Accum. Depr. - Truck	
ADJ	250
BAL	250

Accounts Payable	
12/30	400
ADJ	400
BAL	0

Salaries Payable	
ADJ	900
BAL	900

Unearned Revenue	
ADJ	400
ADJ	1,100
BAL	700

Owner, Capital	
	38,000
LOS	3,000
LOS	16,550
BAL	51,550

Owner, Withdrawals	
12/31	3,000
BAL	3,000
BAL	0

Income Summary	
LOS	4,700
LOS	16,550
LOS	21,250
BAL	0

Service Revenue	
	2,300
	2,800
	14,000
	1,000
	400
	750
LOS	21,250
BAL	21,250
BAL	0

Salaries Expense	
12/18	900
ADJ	900
BAL	1,800
BAL	0

Depr. Exp. - Truck	
ADJ	250
BAL	250
BAL	0

Name Taylor Gillis

Ledger

GENERAL LEDGER

Insurance Expense	
ADJ 250	
<hr/>	
BAL 250	250 Cr
<hr/>	
BAL 0	

Fuel Expense	
12/27 400	
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BAL 400	400 Cr
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BAL 0	

Rent Expense	
12/29 1,500	
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BAL 1,500	1,500 Cr
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BAL 0	

Supplies Expense	
ADJ 500	
<hr/>	
BAL 500	500 Cr
<hr/>	
BAL 0	

Name TAYLOR GILLIS

Trial Bal

Adjusted Trial Balance (continued)

<u>Account Name</u>	<u>Debit</u>	<u>Credit</u>
CASH	33,800	
ACCOUNTS RECEIVABLE	1,750	
OFFICE SUPPLIES	100	
TRUCK	17,000	
ACCUM. DEPRECIATION - TRUCK		250
PREPAID INSURANCE	750	
SALARIES PAYABLE		900
UNEARNED REVENUE		700
OWNER CAPITAL		38,000
OWNER WITHDRAWALS	3,000	
SERVICE REVENUE		21,250
SALARIES EXPENSE	1,800	
DEPR. EXPENSE - TRUCK	250	
INSURANCE EXPENSE	250	
FUEL EXPENSE	400	
RENT EXPENSE	1,500	
SUPPLIES EXPENSE	500	
TOTAL	61,100	61,100

Name TAYLOR GILLIS

Trial Bal 2

UNADJUSTED TRIAL BALANCE

<u>Account Name</u>	<u>Debit</u>	<u>Credit</u>
CASH	33,800	
ACCOUNTS RECEIVABLE	1,000	
OFFICE SUPPLIES	600	
PREPAID INSURANCE	1,000	
TRUCK	17,000	
ACCOUNTS PAYABLE		
UNEARNED REVENUE		1,100
OWNER CAPITAL		38,000
OWNER WITHDRAWALS	3,000	
SERVICE REVENUE		20,100
SALARIES EXPENSE	900	
FUEL EXPENSE	400	
RENT EXPENSE	1,500	
TOTAL	<u>59,200</u>	<u>59,200</u>

Name TAYLOR GILUS

Trial Bal 3

POST - CLOSING TRIAL BALANCE

<u>Account Name</u>	<u>Debit</u>	<u>Credit</u>
CASH	33,800	
ACCOUNTS RECEIVABLE	1,750	
OFFICE SUPPLIES	100	
PREPAID INSURANCE	750	
TRUCK	17,000	
ACCUM. DEPRECIATION - TRUCK		250
SALARIES PAYABLE		900
UNEARNED REVENUE		700
OWNER CAPITAL		51,550
TOTAL	53,400	53,400

MILTON DELIVERY SERVICE
INCOME STATEMENT
DECEMBER 31, 2018

REVENUES

SERVICE REVENUE 21,250

EXPENSES

SALARIES EXPENSE 1,800

RENT EXPENSE 1,500

SUPPLIES EXPENSE 500

FUEL EXPENSE 400

DEPR. EXPENSE - TRUCK 250

INSURANCE EXPENSE 250

TOTAL EXPENSES 4,700

NET INCOME 16,550

Name TAYLOR GILUS

Fin Stmt 2

MILTON DELIVERY SERVICE
STATEMENT OF OWNERS EQUITY
MONTH ENDED DECEMBER 31, 2018

MILTON CAPITAL DEC 1, 2018	0
OWNER CONTRIBUTIONS	38,000
NET INCOME FOR THE MONTH	16,550
	<u>54,550</u>
OWNER WITHDRAWALS	<u>(3,000)</u>
MILTON CAPITAL DEC 31, 2018	<u>51,550</u>

MILTON DELIVERY SERVICE
BALANCE SHEET
DECEMBER 31, 2018

ASSETS

CURRENT ASSETS

CASH 33,800

ACCOUNTS RECEIVABLE 1,750

OFFICE SUPPLIES 100

PREPAID INSURANCE 750

TOTAL CURRENT ASSETS 36,400

PROPERTY, PLANT, EQUIPMENT

TRUCK 17,000

ACCUM. DEPR. - TRUCK (250)

16,750

TOTAL PROPERTY, PLANT, EQUIPMENT 16,750

TOTAL ASSETS 53,150

LIABILITIES

CURRENT LIABILITIES

SALARIES PAYABLE 900

UNEARNED REVENUE 700

TOTAL CURRENT LIABILITIES 1,600

TOTAL LIABILITIES 1,600

OWNERS EQUITY

MILTON CAPITAL 51,550

TOTAL LIABILITIES AND OWNERS EQUITY 53,150