

Accounting Mid term

Group members: Jordan Reeves, Dominique Arrington, Tamia Rutherford, Tamese Boston
Part(1)

| | | | | | |
|-------|----|---|-----|--------|--------|
| April | 1 | Cash | 101 | 30,000 | |
| | | Computer Equipment | 167 | 20,000 | |
| | | J. Nozomi, Capital | 301 | | 50,000 |
| | | <i>*Owner invested in the business.</i> | | | |
| | 2 | Rent Expense | 640 | 1,800 | |
| | | Cash | 101 | | 1,800 |
| | | <i>*Paid one month's rent</i> | | | |
| | 3 | Office Supplies | 124 | 1,000 | |
| | | Cash | 101 | | 1,000 |
| | | <i>*Acquired office supplies</i> | | | |
| | 10 | Prepaid Insurance | 128 | 2,400 | |
| | | Cash | 101 | | 2,400 |
| | | <i>*Paid 12 months' premium in advance</i> | | | |
| | 14 | Salaries Expense | 622 | 1,600 | |
| | | Cash | 101 | | 1,600 |
| | | <i>*Paid two weeks' salaries</i> | | | |
| | 24 | Cash | 101 | 8,000 | |
| | | Commissions Earned | 405 | | 8,000 |
| | | <i>*Collected commissions from airlines</i> | | | |
| | 28 | Salaries Expense | 622 | 1,600 | |
| | | Cash | 101 | | 1,600 |
| | | <i>*Paid two weeks salaries</i> | | | |
| | 29 | Repairs Expense | 684 | 350 | |
| | | Cash | 101 | | 350 |
| | | <i>*Repaired the computer</i> | | | |
| | 30 | Telephone Expense | 688 | 750 | |
| | | Cash | 101 | | 750 |

**Paid the telephone bill*

| | | | | |
|----|------------------------|-----|-------|-------|
| 30 | J. Nozomi, Withdrawals | 302 | 1,500 | |
| | Cash | 101 | | 1,500 |

**Owner withdrew cash.*

Adventure Travel

Unadjusted Trial Balance

April 30, 2015

| <u>No.</u> | <u>Account Title</u> | <u>Debit</u> | <u>Credit</u> |
|------------|--------------------------|--------------|---------------|
| 101 | Cash | \$27,000 | |
| 106 | Accounts Receivable | 0 | |
| 124 | Office Supplies | 1,000 | |
| 128 | Prepaid Insurance | 2,400 | |
| 167 | Computer Equipment | 20,000 | |
| 168 | Accumulated Depreciation | | |
| | Computer Equipment | | \$ 0 |
| 209 | Salaries Payable | | 0 |
| 301 | J. Nozomi, Capital | | 50,000 |
| 302 | J. Nozomi, Withdrawals | 1,500 | |
| 405 | Commissions Earned | | 8,000 |
| 612 | Depreciation Expense— | | |
| | Computer Equipment | 0 | |
| 622 | Salaries Expense | 3,200 | |
| 637 | Insurance Expense | 0 | |
| 640 | Rent Expense | 1,800 | |
| 650 | Office Supplies Expense | 0 | |
| 684 | Repairs Expense | 350 | |
| <u>688</u> | <u>Telephone Expense</u> | <u>750</u> | |

| | | | |
|---|-----|------------------------|------------------------|
| Totals | | <u>\$58,000</u> | <u>\$58,000</u> |
| (a) Apr 30 Insurance Expense | 637 | 133 | |
| Prepaid Insurance | 128 | | 133 |
| <i>*To record expired insurance (\$2,400/12 x 2/3)</i> | | | |
| (b) Apr 30 Office Supplies Expense | 650 | 400 | |
| Office Supplies | 124 | | 400 |
| <i>*To record cost of supplies used (\$1,000 - \$600)</i> | | | |
| (c) Apr 30 Depreciation Exp---Computer Equipment | 612 | 500 | |
| Accum. Deprec.---Computer Equip. | 168 | | 500 |
| <i>*To record depreciation</i> | | | |
| (d) Apr 30 Salaries Expense | 622 | 420 | |
| Salaries Payable | 209 | | 420 |
| <i>*To record accrued salaries</i> | | | |
| (e) Apr 30 Accounts Receivable | 106 | 1,750 | |
| Commissions Earned | 405 | | 1,750 |
| <i>*To record accrued commissions</i> | | | |

| <u>No.</u> | <u>Account Title</u> | <u>Debit</u> | <u>Credit</u> |
|------------|----------------------|--------------|---------------|
|------------|----------------------|--------------|---------------|

Adjusting entries

| | | | |
|--------------------------------------|-----|-----|------------------------|
| (A) April 30 insurance expenses..... | 637 | 133 | Prepaid insurance..... |
| insurance..... | 128 | 133 | |

| | | | |
|--|-----------|-------------------------------------|-----------|
| (B) 30 office supplies Expenses | 650 400 | Office supplies..... | 124 400 |
| (C) 30 Drepreciation Exp— Computer Equipment | 612 500 | Accum. Depreciation-com equip | 168 500 |
| (D) 30 Salaries expenses..... | 622 420 | Salaries payable | 209 420 |
| (E) 30 Account Receivable | 106 1,750 | Commission Earned | 405 1,750 |

Adjusted Trial Balance

| <u>No.</u> | <u>Account Title</u> | <u>Debit</u> | <u>Credit</u> |
|------------|-----------------------------------|--------------|------------------------------|
| | 101 cash | | \$27,000 |
| | 106 Account receivable | 1,750 | |
| | 124 office supplies | | 600 |
| | 128 Prepaid insurance | | 2,267 |
| | 167 computer Equipment | | 20,000 |
| | 168 Accumulated depreciation — | | |
| | Computer equipment..... | | \$ 500 |
| | salaries payable | | 420 |
| | capital | 50,000 | |
| | 301 NOZOMI, | | |
| | 302 NOZOMI , | | |
| | Withdrawals..... | 1,500 | |
| | 405 Commission earned | | |
| | = 9,759 | 612 | Depreciation expenses |
| | Computer equipment..... | 500 | |
| | 622 salaries expenses..... | 3,620 | |
| | 637 Insurance expenses..... | 133 | |
| | 640 Rent expenses | 1800 | |
| | 650 office supplies expenses..... | 400 | |
| | 684 Repair expenses..... | 350 | |
| | 688 Telephone expenses..... | 750 | |
| | | | Total ... |
| | | | \$60,670 \$60,670 |

Income Statement

| | | |
|--|---------|----------|
| Commissions earned | \$9,750 | Expenses |
| Depreciation expenses — Computer equipment | \$500 | |
| Salaries expenses..... | 3,620 | |

| | |
|--------------------------|---------------------|
| Insurance Expense..... | 133 |
| rent expenses | |
| | 1,800 office supply |
| Expenses | 450 |
| Repair expenses | 350 |
| Telephone expenses | <u>750</u> |
| Total expenses | <u>7,553</u> net |
| Income..... | <u>\$2,197</u> |

Statement of owners' equity
April 30,2015

| | | | |
|---|----------------|---|-----------------|
| J.NOZOMI , capital , April 1,2015 | \$ 0 | Add: Owner investment | \$50,000 |
| Net Income | <u>2,197</u> | | |
| | | | 52,197 |
| Less: Withdrawals..... | <u>(1,500)</u> | J.Nozomi, capital , April 30, 2015..... | <u>\$50,697</u> |

Balance Sheet

Assets

| | | |
|---|--------------|---------------|
| Cash | | \$27,000 |
| Accounts Receivable | | 1,750 |
| Office Supplies | | 600 |
| Prepaid Insurance | | 2,267 |
| Computer Equipment | \$20,000 | |
| Accumulated Depreciation-Computer Equipment | <u>(500)</u> | <u>19,500</u> |
| Total Assets | | \$51,117 |

Liabilities

| | | |
|------------------|--|--------|
| Salaries Payable | | \$ 420 |
|------------------|--|--------|

Equity

| | | |
|--------------------|--|---------------|
| J. Nozomi, Capital | | <u>50,697</u> |
|--------------------|--|---------------|

Total liabilities and Equity

\$51,117

Closing Entries

| | | | |
|-----------------------------|-----|-------|--------|
| April 30 Commissions Earned | 405 | 9,750 | |
| Summary | 901 | 9,750 | Income |

To close the revenue account

| | | | |
|-------------------|---------------------------------|-------|-------|
| 30 Income Summary | 901 | 7,553 | |
| 500 | Depreciation Exp-Computer Equip | 612 | |
| | Salaries Expense | 622 | 3,620 |
| | Insurance Expense | 637 | 133 |
| | Rent Expense | 640 | 1,800 |
| | Office Supplies Expense | 650 | 400 |
| | Repairs Expense | 684 | 350 |
| | Telephone Expense | 688 | 750 |

To close the expense accounts

| | | | |
|--------------------|-----|-------|--|
| 30 Income Summary | 901 | 2,197 | |
| J. Nozomi, Capital | 301 | 2,197 | |

To close the income Summary account

| | | | |
|------------------------|-----|-------|--|
| 30 J. Nozomi, Capital | 301 | 1,500 | |
| J. Nozomi, Withdrawals | 302 | 1,500 | |

To close the withdrawals account.

Ledger as of April 30

Cash Acc. No. 101

Date Explanation PR Debit Credit Balance April 1 30,000 30,000 2 1,800 28,000 3 1,000

27,200 10 2,400 24,800 14 1,600 23,200 24 8,000 31,200 28 1,600 29,600 29 350 29,250
30 750 28,500 30 1,500 27,000

Accounts Receivable Acc. No. 106

Date Explanation PR Debit Credit Balance April 30 Adjusting 1,750 1,750 Office Supplies Acc.
No. 124

Date Explanation PR Debit Credit Balance April 3 1,000 1,000 30 Adjusting 400 600

Prepaid Insurance Acc. No. 128 Date Explanation PR Debit Credit Balance

April 10 2,400 2,400 30 Adjusting 133 2,267 Computer Equipment Acc. No. 167

Date Explanation PR Debit Credit Balance April 1 20,000 20,000 Accumulated Depreciation-
Computer Equipment Acc. No.168

Date Explanation PR Debit Credit Balance April 30 Adjusting 500 500 Salaries Payable Acc. No.
209

Date Explanation PR Debit Credit Balance April 30 Adjusting 420 420 J. Nozomi, Capital Acc.
No. 301

Date Explanation PR Debit Credit Balance April 1 50,000 50,000 30 Closing 2,197 51,197 30
Closing 1,500 50,697 J. Nozomi, Withdrawals Acc. No. 302

Date Explanation PR Debit Credit Balance April 30 1,500 1,500 30 Closing 1,500 0
Commissions Earned Acc. No.405

Date Explanation PR Debit Credit Balance April 24 8,000 8,000 30 Adjusting 1,750 9,750 30
Closing 9,750 0 Depreciation Expense- Computer Equipment Acc. No. 612

Date Explanation PR Debit Credit Balance April 30 Adjusting 500 500

30 Closing 500 0 Salaries Expense Acc. No.622

Date Explanation PR Debit Credit Balance April 14 1,600 1,600 28 1,600 3,200 30 Adjusting 420 3,620
30 Closing 3,620 0 Insurance Expense Acc. No. 637

Date Explanation PR Debit Credit Balance April 30 Adjusting 133 133 30 Closing 133 0 Rent

Expense Acc. No. 640

Date Explanation PR Debit Credit Balance April 2 1,800 1,800 30 Closing 1,800 0 Office Supplies

Expense Acc. No. 650

Date Explanation PR Debit Credit Balance April 30 Adjusting 400 400 30 Closing 400 0 Repairs

Expense Acc. No. 684

Date Explanation PR Debit Credit Balance April 29 350 350 30 Closing 350 0 Telephone Expense

Acc. No. 688

Date Explanation PR Debit Credit Balance April 30 750 750 30 Closing 750 0 Income Summary

Acc. No. 901

Date Explanation PR Debit Credit Balance April 30 Closing 9,750 9,750 30 Closing 7,553 2,197

30 Closing 2,197 0