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 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 titledrevenue 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 retained earnings statement, 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 retained earnings statement, 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.

PRACTICE EXERCISES

PE 2–1A

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

PE 2–1B

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**

PE 2–2A

Oct.	27	Office Equipment	32,750	
		Cash		6,550
		Accounts Payable		26,200

PE 2–2B

Sept.	30	Office Supplies	2,500	
		Cash		800
		Accounts Payable		1,700

PE 2–3A

Mar.	16	Accounts Receivable	9,450	
		Fees Earned		9,450

PE 2–3B

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

PE 2–4A

Dec.	23	Dividends	20,000	
		Cash		20,000

PE 2–4B

June	30	Dividends	11,500	
		Cash		11,500

PE 2–5A

Using the following T account, solve for the amount of cash receipts (indicated by ? below).

Cash

July 1 Bal.	37,450	115,860	Cash payments
Cash receipts	?		
July 31 Bal.	29,600		

$29,600 = $37,450 + Cash receipts – $115,860
Cash receipts = $29,600 + $115,860 – $37,450 = $108,010

PE 2–5B

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

PE 2–6A

a. **The totals are unequal. The debit total is higher by $900 ($5,400 – $4,500).**

b. **The totals are equal because both the debit and credit entries were journalized and posted for $720.**

c. **The totals are unequal. The debit total is higher by $3,200 ($1,600 + $1,600).**

PE 2–6B

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).**

PE 2–7A

a.

Rent Expense	4,650	
Miscellaneous Expense		4,650
Rent Expense	4,650	
Cash		4,650

Note: **The first entry in (a) 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.**

Rent Expense	9,300	
Miscellaneous Expense		4,650
Cash		4,650

b.

Accounts Payable	3,700	
Accounts Receivable		3,700

PE 2–7B

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**

PE 2–8A

Fuller Company
Income Statements
For Years Ended December 31

			Increase/(Decrease)	
	2016	**2015**	**Amount**	**Percent**
Fees earned	**$680,000**	**$850,000**	**$(170,000)**	**–20.0%**
Operating expenses	**541,875**	**637,500**	**(95,625)**	**–15.0%**
Net income	**$138,125**	**$212,500**	**$ (74,375)**	**–35.0%**

PE 2–8B

Paragon Company
Income Statements
For Years Ended December 31

			Increase/(Decrease)	
	2016	**2015**	**Amount**	**Percent**
Fees earned	**$1,416,000**	**$1,200,000**	**$216,000**	**18.0%**
Operating expenses	**1,044,000**	**900,000**	**144,000**	**16.0%**
Net income	**$ 372,000**	**$ 300,000**	**$ 72,000**	**24.0%**

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.**

Balance Sheet Accounts	**Income Statement Accounts**

Ex. 2–3

1. Assets

11 Cash
12 Accounts Receivable
13 Supplies
14 Prepaid Insurance
15 Equipment

2. Liabilities

21 Accounts Payable
22 Unearned Rent

3. Stockholders' Equity

31 Common Stock
32 Retained Earnings
33 Dividends

4. Revenue

41 Fees Earned

5. Expenses

51 Wages Expense
52 Rent Expense
53 Supplies Expense
59 Miscellaneous Expense

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.	credit	h.	debit
c.	credit	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)

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

2016				
March	1	Rent Expense	2,500	
		Cash		2,500
	3	Advertising Expense	675	
		Cash		675
	5	Supplies	1,250	
		Cash		1,250
	6	Office Equipment	9,500	
		Accounts Payable		9,500
	10	Cash	16,550	
		Accounts Receivable		16,550
	15	Accounts Payable	3,180	
		Cash		3,180
	27	Miscellaneous Expense	540	
		Cash		540
	30	Utilities Expense	375	
		Cash		375
	31	Accounts Receivable	49,770	
		Fees Earned		49,770
	31	Utilities Expense	830	
		Cash		830
	31	Dividends	1,750	
		Cash		1,750

Ex. 2–8

a.

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Date		Description	Post. Ref.	Debit	Credit
2016					
Jan.	7	Supplies	15	4,175	
		Accounts Payable	21		4,175
		Purchased supplies on account.			

b., c., d.

Account: Supplies Account No. 15

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Jan.	1	Balance	✓			2,200	
	7		33	4,175		6,375	

Account: Accounts Payable Account No. 21

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Jan.	1	Balance	✓				18,430
	7		33		4,175		22,605

e. Yes, the rules of debit and credit apply to allcompanies.

Ex. 2–9

a.

(1)	Accounts Receivable	73,900	
	Fees Earned		73,900
(2)	Supplies	1,960	
	Accounts Payable		1,960
(3)	Cash	62,770	
	Accounts Receivable		62,770
(4)	Accounts Payable	820	
	Cash		820

Ex. 2–9 (Concluded)

b.

Cash

(3)	62,770	(4)	820

Accounts Payable

(4)	820	(2)	1,960

Supplies

(2)	1,960		

Fees Earned

		(1)	73,900

Accounts Receivable

(1)	73,900	(3)	62,770

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 $140,000 ($515,000 – $375,000) 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. $60,000 ($200,000 – $140,000)

or

Cash

X	375,000
515,000	
200,000	

X + $515,000 – $375,000 = $200,000
X = $200,000 – $515,000 + $375,000
X = $60,000

Ex. 2–11

a.

Accounts Payable

	186,500	Feb.	1	X
				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 Waters' 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.

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	2,500	
	Cash		2,500
(3)	Equipment	14,500	
	Accounts Payable		10,500
	Cash		4,000
(4)	Operating Expenses	4,850	
	Cash		4,850
(5)	Accounts Receivable	13,800	
	Service Revenue		13,800
(6)	Accounts Payable	5,500	
	Cash		5,500
(7)	Cash	8,700	
	Accounts Receivable		8,700
(8)	Operating Expenses	1,100	
	Supplies		1,100
(9)	Dividends	3,000	
	Cash		3,000

Ex. 2–15

a.

WYOMING TOURS CO. Unadjusted Trial Balance June 30, 2016		
	Debit Balances	**Credit Balances**
Cash	**28,850**	
Accounts Receivable	**5,100**	
Supplies	**1,400**	
Equipment	**14,500**	
Accounts Payable		**5,000**
Common Stock		**40,000**
Dividends	**3,000**	
Service Revenue		**13,800**
Operating Expenses	**5,950**	
	58,800	**58,800**

b. **Net income, $7,850 ($13,800 – $5,950)**

Ex. 2–16

HICKORY FURNITURE COMPANY Unadjusted Trial Balance December 31, 2016		
	Debit Balances	**Credit Balances**
Cash*	**33,320**	
Accounts Receivable	**116,900**	
Supplies	**4,275**	
Prepaid insurance	**21,600**	
Land	**50,000**	
Accounts Payable		**42,770**
Unearned Rent		**12,000**
Notes Payable		**50,000**
Common Stock		**15,000**
Retained Earnings		**60,000**
Dividends	**24,000**	
Fees Earned		**745,230**
Wages Expense	**580,700**	
Rent Expense	**48,000**	
Utilities Expense	**26,850**	
Supplies Expense	**6,255**	
Insurance Expense	**3,600**	
Miscellaneous Expense	**9,500**	
	925,000	**925,000**

***$33,320 = $925,000 – $9,500 – $3,600 – $6,255 – $26,850 – $48,000 – $580,700 – $24,000 – $50,000 – $21,600 – $4,275 – $116,900**

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.

Ex. 2–18

RANGER CO. Unadjusted Trial Balance August 31, 2016		
	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

Ex. 2–20

1. **The Debit column total is added incorrectly. The sum is $890,700 rather than $1,189,300.**
2. **The trial balance should be dated "July 31, 2016," not "For the Month Ending July 31, 2016."**
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:

MASCOT CO. Unadjusted Trial Balance July 31, 2016		
	Debit Balances	**Credit Balances**
Cash	36,000	
Accounts Receivable	112,600	
Prepaid Insurance	18,000	
Equipment	375,000	
Accounts Payable		53,300
Salaries Payable		7,500
Common Stock		100,000
Retained Earnings		197,200
Dividends	17,000	
Service Revenue		682,000
Salary Expense	396,800	
Advertising Expense	73,000	
Miscellaneous Expense	11,600	
	1,040,000	1,040,000

Ex. 2–21

a. The correction could be made with one or two entries as shown below.

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

or (reverses 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

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

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

Ex. 2–23

a. 1. Revenue:
$2,475 million increase ($69,865 – $67,390)
3.7% increase ($2,475 ÷ $67,390)

2. Operating expenses:
$2,405 million increase ($64,543 – $62,138)
3.9% increase ($2,405 ÷ $62,138)

3. Operating income:
$70 million increase ($5,322 – $5,252)
1.3% increase ($70 ÷ $5,252)

b. During the recent year, revenue increased by 3.7%, while operating expenses increased by 3.9%. As a result, operating income increased by 1.3%, from the prior year.

Ex. 2–24

a. 1. Revenue:

$25,101 million increase ($446,950 – $421,849)
6.0% increase ($25,101 ÷ $421,849)

2. Operating expenses:

$24,085 million increase ($420,392 – $396,307)
6.1% increase ($24,085 ÷ $396,307)

3. Operating income:

$1,016 million increase ($26,558 – $25,542)
4.0% increase ($1,016 ÷ $25,542)

b. During the recent year, revenue increased by 6.0%, while operating expenses increased by 6.1%. As a result, operating income increased by 4.0% from the prior year.

c. Because of the size differences between Target and Walmart (Walmart has more than 6 times the revenue), it is best to compare the two companies on the basis of percent changes from the prior year. Walmart's revenues increased by 6.0% while Target's revenues increased by only 3.7%. The expenses of both companies increased by approximately the same percent as revenues, which indicates no major change in operations for either company. Walmart's operating income increased by 4.0% while Target's operating income increased by only 1.3%. Overall, it appears that Walmart had a better operating performance in the past year than Target.

PROBLEMS

Prob. 2–1A

1. and 2.

Cash

(a)	18,000	(b)	1,950
(g)	13,650	(c)	5,700
		(e)	1,875
		(f)	3,600
		(h)	2,600
		(i)	3,000
		(j)	950
		(m)	4,100
		(n)	1,300
Bal.	6,575		

Equipment

(d)	4,500		

Notes Payable

(j)	950	(c)	22,800
		Bal.	21,850

Accounts Payable

(i)	3,000	(d)	4,500
		(k)	3,750
		Bal.	5,250

Accounts Receivable

(l)	21,900		

Common Stock

		(a)	18,000

Supplies

(e)	1,875		

Professional Fees

		(g)	13,650
		(l)	21,900
		Bal.	35,550

Prepaid Insurance

(f)	3,600		

Salary Expense

(m)	4,100		

Automobiles

(c)	28,500		

BlueprintExpense

(k)	3,750		

Rent Expense

(b)	1,950		

Automobile Expense

(n)	1,300		

Miscellaneous Expense

(h)	2,600		

Prob. 2–1A (Concluded)

3.

MANIS ARCHITECTS
Unadjusted Trial Balance
January 31, 2016

	Debit Balances	Credit Balances
Cash	6,575	
Accounts Receivable	21,900	
Supplies	1,875	
Prepaid Insurance	3,600	
Automobiles	28,500	
Equipment	4,500	
Notes Payable		21,850
Accounts Payable		5,250
Common Stock		18,000
Professional Fees		35,550
Salary Expense	4,100	
Blueprint Expense	3,750	
Rent Expense	1,950	
Automobile Expense	1,300	
Miscellaneous Expense	2,600	
	80,650	80,650

4. Net income, $21,850 ($35,550 – $4,100 – $3,750 – $1,950 – $1,300 – $2,600)

Prob. 2–2A

1. (a)

Cash	30,000	
Common Stock		30,000

(b)

Rent Expense	3,250	
Cash		3,250

(c)

Supplies	2,150	
Accounts Payable		2,150

(d)

Accounts Payable	875	
Cash		875

(e)

Cash	14,440	
Sales Commissions		14,440

(f)

Automobile Expense	1,580	
Miscellaneous Expense	650	
Cash		2,230

(g)

Office Salaries Expense	3,000	
Cash		3,000

(h)

Supplies Expense	1,300	
Supplies		1,300

(i)

Dividends	2,500	
Cash		2,500

Prob. 2–2A (Continued)

2.

Cash

(a)	30,000	(b)	3,250
(e)	14,440	(d)	875
		(f)	2,230
		(g)	3,000
		(i)	2,500
Bal.	32,585		

Sales Commissions

		(e)	14,440

Rent Expense

(b)	3,250		

Supplies

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

Office Salaries Expense

(g)	3,000		

Accounts Payable

(d)	875	(c)	2,150
		Bal.	1,275

Automobile Expense

(f)	1,580		

Common Stock

		(a)	30,000

Supplies Expense

(h)	1,300		

Dividends

(i)	2,500		

Miscellaneous Expense

(f)	650		

Prob. 2–2A (Concluded)

3.

HERITAGE REALTY Unadjusted Trial Balance August 31, 2016		
	Debit Balances	Credit Balances
Cash	32,585	
Supplies	850	
Accounts Payable		1,275
Common Stock		30,000
Dividends	2,500	
Sales Commissions		14,440
Rent Expense	3,250	
Office Salaries Expense	3,000	
Automobile Expense	1,580	
Supplies Expense	1,300	
Miscellaneous Expense	650	
	45,715	45,715

4. a. $14,440
   b. $9,780 ($3,250 + $3,000 + $1,580 + $1,300 + $650)
   c. $4,660 ($14,440 – $9,780)

5. $2,160, which is the excess of net income of $4,660 over the dividends of $2,500.

Prob. 2–3A

1.

JOURNAL Page 1

Date		Description	Post. Ref.	Debit	Credit
2016					
Nov.	1	Cash	11	27,750	
		Common Stock	31		27,750
	1	Rent Expense	53	4,000	
		Cash	11		4,000
	6	Equipment	16	12,880	
		Accounts Payable	22		12,880
	8	Truck	18	32,500	
		Cash	11		6,500
		Notes Payable	21		26,000
	10	Supplies	13	1,860	
		Cash	11		1,860
	12	Cash	11	7,500	
		Fees Earned	41		7,500
	15	Prepaid Insurance	14	2,400	
		Cash	11		2,400
	23	Accounts Receivable	12	12,440	
		Fees Earned	41		12,440
	24	Truck Expense	55	1,100	
		Accounts Payable	22		1,100

JOURNAL Page 2

Date		Description	Post. Ref.	Debit	Credit
2016					
Nov.	29	Utilities Expense	54	3,660	
		Cash	11		3,660
	29	Miscellaneous Expense	59	1,700	
		Cash	11		1,700

Prob. 2–3A(Continued)

^^^

	30	Cash	11	8,000	
		Accounts Receivable	12		8,000
	30	Wages Expense	51	4,750	
		Cash	11		4,750
	30	Accounts Payable	22	6,220	
		Cash	11		6,220
	30	Dividends	33	2,000	
		Cash	11		2,000

2.

GENERAL LEDGER

Account: Cash Account No. 11

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Nov.	1		1	27,750		27,750	
	1		1		4,000	23,750	
	8		1		6,500	17,250	
	10		1		1,860	15,390	
	12		1	7,500		22,890	
	15		1		2,400	20,490	
	29		2		3,660	16,830	
	29		2		1,700	15,130	
	30		2	8,000		23,130	
	30		2		4,750	18,380	
	30		2		6,220	12,160	
	30		2		2,000	10,160	

Account: Accounts Receivable Account No. 12

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Nov.	23		1	12,440		12,440	
	30		2		8,000	4,440	

Prob. 2–3A(Continued)

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Nov.	10		1	1,860		1,860	

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Nov.	15		1	2,400		2,400	

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Nov.	6		1	12,880		12,880	

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Nov.	8		1	32,500		32,500	

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Nov.	8		1		26,000		26,000

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Nov.	6		1		12,880		12,880
	24		1		1,100		13,980
	30		2	6,220			7,760

Prob. 2–3A(Continued)

Account: **Common Stock** **Account No.** **31**

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Nov.	1		1		27,750		27,750

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Nov.	30		2	2,000		2,000	

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Nov.	12		1		7,500		7,500
	23		1		12,440		19,940

Account: **Wages Expense** **Account No.** **51**

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Nov.	30		2	4,750		4,750	

Account: **Rent Expense** **Account No.** **53**

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Nov.	1		1	4,000		4,000	

Account: **Utilities Expense** **Account No.** **54**

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Nov.	29		2	3,660		3,660	

Prob. 2–3A(Continued)

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Nov.	24		1	1,100		1,100	

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Nov.	29		2	1,700		1,700	

Prob. 2–3A (Concluded)

3.

CLASSIC DESIGNS Unadjusted Trial Balance November 30, 2016		
	Debit Balances	**Credit Balances**
Cash	10,160	
Accounts Receivable	4,440	
Supplies	1,860	
Prepaid Insurance	2,400	
Equipment	12,880	
Truck	32,500	
Notes Payable		26,000
Accounts Payable		7,760
Common Stock		27,750
Dividends	2,000	
Fees Earned		19,940
Wages Expense	4,750	
Rent Expense	4,000	
Utilities Expense	3,660	
Truck Expense	1,100	
Miscellaneous Expense	1,700	
	81,450	81,450

4. **$4,730 ($19,940 – $4,750 – $4,000 – $3,660 – $1,100 – $1,700)**

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 Classic 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.**

Prob. 2–4A

2. and 3.

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Date		Description	Post. Ref.	Debit	Credit
2016					
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

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Date		Description	Post. Ref.	Debit	Credit
2016					
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

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
2016							
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
2016							
Apr.	1	Balance	✓			61,500	
	10		18		52,300	9,200	
	30		19	57,000		66,200	

Prob. 2–4A(Continued)

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
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
2016							
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
2016							
Apr.	15		18	200,000		200,000	

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
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
2016							
Apr.	30		19		10,000		10,000

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Apr.	15		18		170,000		170,000

Prob. 2–4A(Continued)

Account: **Common Stock** Account No. **31**

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Apr.	1	Balance	✓				10,000

Account: **Retained Earnings** Account No. **32**

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Apr.	1	Balance	✓				36,000

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
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
2016							
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
2016							
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
2016							
Apr.	1	Balance	✓			30,000	
	1		18	6,500		36,500	

Prob. 2–4A(Continued)

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
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
2016							
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
2016							
Apr.	1	Balance	✓			3,900	
	29		19	1,400		5,300	

4.

ELITE REALTY
Unadjusted Trial Balance
April 30, 2016

	Debit Balances	Credit Balances
Cash	19,050	
Accounts Receivable	66,200	
Prepaid Insurance	9,000	
Office Supplies	3,775	
Land	200,000	
Accounts Payable		9,525
Unearned Rent		10,000
Notes Payable		170,000
Common Stock		10,000
Retained Earnings		36,000
Dividends	6,000	
Fees Earned		297,000
Salary and Commission Expense	157,600	
Rent Expense	36,500	
Advertising Expense	22,100	
Automobile Expense	7,000	
Miscellaneous Expense	5,300	
	532,525	532,525

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:**

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Date		Description	Post. Ref.	Debit	Credit
2016					
Apr.	30	Salary and Commission Expense	51	7,200	
		Cash	11		7,200

   (c) **Transposition**

Prob. 2–5A

1.

THE COLBY GROUP Unadjusted Trial Balance August 31, 2016		
	Debit Balances	**Credit Balances**
Cash*	22,400	
Accounts Receivable	48,000	
Supplies	8,750	
Prepaid Insurance	4,300	
Equipment	196,000	
Notes Payable		117,600
Accounts Payable		30,800
Common Stock		35,000
Retained Earnings		87,150
Dividends	63,000	
Fees Earned		454,450
Wages Expense	270,000	
Rent Expense	58,100	
Advertising Expense	25,200	
Gas, Electricity, and Water Expense	24,150	
Miscellaneous Expense	5,100	
	725,000	725,000

* $17,300 + $6,000 (a) – $900 (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.

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

Prob. 2–1B (Concluded)

3.

JONES ARCHITECTS Unadjusted Trial Balance April 30, 2016		
	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)

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

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		

Prob. 2–2B (Concluded)

3.

PLANET REALTY Unadjusted Trial Balance August 31, 2016		
	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.

Prob. 2–3B

1.

JOURNAL Page 1

Date		Description	Post. Ref.	Debit	Credit
2016					
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
2016					
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

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
2016							
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
2016							
Oct.	24		2	14,150		14,150	
	29		2		7,600	6,550	

Prob. 2–3B(Continued)

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Oct.	14		1	2,100		2,100	

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Oct.	15		1	3,600		3,600	

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Oct.	13		1	10,500		10,500	

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Oct.	10		1	23,750		23,750	

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Oct.	10		1		20,000		20,000

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Oct.	13		1		10,500		10,500
	21		2	2,000			8,500
	26		2		700		9,200

Prob. 2–3B(Continued)

Account: **Common Stock** **Account No.** **31**

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Oct.	1		1		18,000		18,000

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Oct.	31		2	3,500		3,500	

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
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
2016							
Oct.	30		2	4,800		4,800	

Account: **Rent Expense** **Account No.** **53**

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Oct.	4		1	3,000		3,000	

Account: **Utilities Expense** **Account No.** **54**

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Oct.	27		2	2,240		2,240	

Prob. 2–3B(Continued)

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Oct.	26		2	700		700	

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Oct.	27		2	1,100		1,100	

Prob. 2–3B (Concluded)

3.

PIONEER DESIGNS Unadjusted Trial Balance October 31, 2016		
	Debit Balances	**Credit Balances**
Cash	8,460	
Accounts Receivable	6,550	
Supplies	2,100	
Prepaid Insurance	3,600	
Equipment	10,500	
Truck	23,750	
Notes Payable		20,000
Accounts Payable		9,200
Common Stock		18,000
Dividends	3,500	
Fees Earned		23,100
Wages Expense	4,800	
Rent Expense	3,000	
Utilities Expense	2,240	
Truck Expense	700	
Miscellaneous Expense	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.**

Prob. 2–4B

2. and 3.

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Date		Description	Post. Ref.	Debit	Credit
2016					
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

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Date		Description	Post. Ref.	Debit	Credit
2016					
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

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
2016							
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
2016							
Aug.	1	Balance	✓			100,100	
	3		18		83,900	16,200	
	31		19	183,500		199,700	

Prob. 2–4B (Continued)

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
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
2016							
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
2016							
Aug.	31		19	75,000		75,000	

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
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
2016							
Aug.	31		19		5,000		5,000

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Aug.	31		19		67,500		67,500

Prob. 2–4B(Continued)

Account: **Common Stock** Account No. **31**

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Aug.	1	Balance	✓				17,500

Account: **Retained Earnings** Account No. **31**

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
Aug.	1	Balance	✓				70,000

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
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
2016							
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
2016							
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
2016							
Aug.	1	Balance	✓			49,000	
	2		18	7,200		56,200	

Prob. 2–4B (Continued)

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
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
2016							
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
2016							
Aug.	1	Balance	✓			5,250	
	29		19	1,700		6,950	

Prob. 2–4B (Concluded)

4.

VALLEY REALTY Unadjusted Trial Balance August 31, 2016		
	Debit Balances	**Credit Balances**
Cash	36,750	
Accounts Receivable	199,700	
Prepaid Insurance	24,600	
Office Supplies	5,550	
Land	75,000	
Accounts Payable		10,000
Unearned Rent		5,000
Notes Payable		67,500
Common Stock		17,500
Retained Earnings		70,000
Dividends	45,800	
Fees Earned		775,000
Salary and Commission Expense	436,000	
Rent Expense	56,200	
Advertising Expense	40,200	
Automobile Expense	18,250	
Miscellaneous Expense	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
2016					
Aug.	31	Dividends	33	9,000	
		Cash	11		9,000

(c) Slide

Prob. 2–5B

1.

TECH SUPPORT SERVICES
Unadjusted Trial Balance
January 31, 2016

	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

* $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.**

CONTINUING PROBLEM

2. and 3.

JOURNAL Page 1

Date		Description	Post. Ref.	Debit	Credit
2016					
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

Continuing Problem (Continued)

2. and 3.

JOURNAL Page 2

Date		Description	Post. Ref.	Debit	Credit
2016					
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

Continuing Problem (Continued)

1. and 3.

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
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
2016							
July	1	Balance	✓			1,000	
	2		1		1,000	—	—
	23		2	1,750		1,750	
	30		2	1,000		2,750	

Continuing Problem (Continued)

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
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
2016							
July	1		1	2,700		2,700	

Account: **Office Equipment** **Account No.** **17**

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
July	5		1	7,500		7,500	

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
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
2016							
July	3		1		7,200		7,200

Account: **Common Stock** **Account No.** **31**

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
July	1	Balance	✓				4,000
	1		1		5,000		9,000

Continuing Problem (Continued)

Account: Dividends **Account No.** 33

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
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
2016							
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
2016							
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
2016							
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
2016							
July	1	Balance	✓			675	
	13		1	700		1,375	

Continuing Problem (Continued)

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
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
2016							
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
2016							
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
2016							
July	1	Balance	✓			180	

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

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
2016							
July	1	Balance	✓			415	
	4		1	900		1,315	
	29		2	540		1,855	

Continuing Problem (Concluded)

4.

PS MUSIC
Unadjusted Trial Balance
July 31, 2016

	Debit Balances	Credit Balances
Cash	9,945	
Accounts Receivable	2,750	
Supplies	1,020	
Prepaid Insurance	2,700	
Office Equipment	7,500	
Accounts Payable		8,350
Unearned Revenue		7,200
Common Stock		9,000
Dividends	1,750	
Fees Earned		16,200
Music Expense	3,610	
Wages Expense	2,800	
Office Rent Expense	2,550	
Advertising Expense	1,500	
Equipment Rent Expense	1,375	
Utilities Expense	1,215	
Supplies Expense	180	
Miscellaneous Expense	1,855	
	40,750	40,750

CASES & PROJECTS

CP 2–1

Acceptable ethical conduct requires that Gil look for the difference. If Gil cannot find the difference within a reasonable amount of time, he should confer with his supervisor as to what action should be taken so that the financial statements can be prepared by the 5 o'clock deadline. Gil's responsibility to his employer is to act with integrity, objectivity, and due care so that users of the financial statements will not be misled.

CP 2–2

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.

CP 2–3

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.

CP 2–4

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 stockholders' 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.**

CP 2–5

a. **Although the titles and numbers of accounts may differ, depending on how expenses are classified, the following accounts would be adequate for recording transaction data for Eagle Caddy Service:**

Balance Sheet Accounts		Income Statement Accounts	
	1. Assets		**4. Revenue**
11	Cash	41	Service Revenue
12	Accounts Receivable		
13	Supplies		**5. Expenses**
		51	Rent Expense
	2. Liabilities	52	Supplies Expense
21	Accounts Payable	53	Wages Expense
		54	Utilities Expense
	3. Owner's Equity	55	Miscellaneous Expense
31	Cory Neece, Capital		
32	Cory Neece, Drawing		

b.

EAGLE CADDY SERVICE
Income Statement
For Month Ended June 30, 2016

Service revenue		$11,400
Expenses:		
Rent expense	$3,500	
Supplies expense	1,925	
Wages expense	850	
Utilities expense	340	
Miscellaneous expense	395	
Total expenses		7,010
Net income		$ 4,390

Note to Instructors: **Students may have prepared slightly different income statements, depending upon the titles of the major expense classifications chosen. Regardless of the classification of expenses, however, the total sales, total expenses, and net income should be as presented above.**

T accounts are not required for the preparation of the income statement of Eagle Caddy Service. The following presentation illustrates one solution using T accounts. Alternative solutions are possible if students used different accounts. In presenting the following T account solution, instructors may wish to emphasize the advantages of using T accounts (or a journal and four-column accounts) when a large number of transactions must be recorded.

CP 2–5 (Continued)

Cash — 11

2016			2016		
June	1	2,000	June	1	500
	15	5,400		2	750
	30	4,200		3	600
	30	1,500		17	1,000
				20	2,400
				28	395
				30	340
				30	850
Bal.		6,265			

Service Revenue — 41

			2016		
			June	15	5,400
				25	1,800
				30	4,200
			Bal.		11,400

Rent Expense — 51

2016					
June	1	500			
	3	3,000			
Bal.		3,500			

Accounts Receivable — 12

2016			2016		
June	25	1,800	June	30	1,500
Bal.		300			

Supplies Expense — 52

2016					
June	30	1,925			

Supplies — 13

2016			2016		
June	2	750	June	30	1,925
	7	1,000			
	22	850			
Bal.		675			

Wages Expense — 53

2016					
June	30	850			

Accounts Payable — 21

2016			2016		
June	17	1,000	June	3	2,400
	20	2,400		7	1,000
				22	850
			Bal.		850

Utilities Expense — 54

2016					
June	30	340			

Cory Neece, Capital — 31

			2016		
			June	1	2,000

Miscellaneous Expense — 55

2016					
June	28	395			

CP 2–5 (Concluded)

c. **$6,265, computed in the following manner:**

Cash receipts:		
Initial investment	**$2,000**	
Cash sales	**9,600**	
Collections on accounts	**1,500**	
Total cash receipts during June		**$13,100**
Cash disbursements:		
Rent expense ($500 + $600 + $2,400)	**$3,500**	
Supplies purchased for cash	**750**	
Wages expense	**850**	
Payment for supplies on account	**1,000**	
Utilities expense	**340**	
Miscellaneous expense	**395**	
Total cash disbursements during June		**6,835**
Cash on hand according to records*		**$ 6,265**

***If the student used T accounts in completing part (b), or this part, this amount ($6,265) should agree with the balance of the cash account.**

d. **The difference of $90 ($6,265 – $6,175) between the cash on hand according to records ($6,265) and the cash on hand according to the count ($6,175) could be due to many factors, including errors in the record keeping and withdrawals made by Cory.**

CP 2–6

Note to Instructors: **The purpose of this activity is to familiarize students with the job opportunities available in accounting or in fields that require (or prefer) the employee to have some knowledge of accounting.**

An example of an advertisement for an accounting job is shown on the next page.

Source: CareerBuilder.com

CP 2–6 (Continued)

ACCOUNTING MANAGER
Accountants One

JOB SNAPSHOT:

Location: North East metro Atlanta area, GA
Base Pay: $60,000–$65,000/Year
Other Pay: Excellentcorporate benefits!
Employee Type: Full-Time
Industry: Manufacturing
Manages Others: Yes
Job Type: Accounting
Education: 4-Year Degree

Experience: 3 to 8 years
Travel: None
Relocation Covered: No
Post Date: May 9
Contact Information
Contact:
Phone: 555-395-6969
Ref ID: RD5694

DESCRIPTION:

A growing and well-established Atlanta company has asked us to recruit an Accounting Manager. This person will report to the Controller and be responsible for all day-to-day management of the department.

ESSENTIAL FUNCTIONS:

- Provide management with timely and accurate data and reports
- Responsible for accuracy of accounting entries, monthly P & L and Balance Sheets
- Perform analysis of financial reports and performance
- Personally conduct and manage collection activities
- Process biweekly employee payroll in an accurate and timely manner
- Supervise, train, and develop Accounts Payable Coordinator and additional accounting staff as necessary
- Interact with vendors and customers in a payables and receivables management process
- Initiate bank wires and ACH transfers
- Interact with internal and external auditors in completing audits
- Perform other duties as assigned

REQUIREMENTS:

- BS degree in Accounting, successful completion of CPA exams is a plus. Minimum 3 years experience as an accounting manager or supervisor in a manufacturing environment is absolutely required! Working knowledge of Microsoft Dynamics 10.0 is very strongly preferred!
- Exceptional analytical and problem-solving abilities
- Must be well-versed in the financial aspects of inventory as well as state and federal financial regulations
- Must possess the ability to professionally interact with internal and external customers
- Excellent written and verbal communication skills
- Proficient knowledge of Excel and Word
- Experience with EXACT software as well as LOTUS Notes would be a plus
- Ability to analyze financial data and prepare financial reports, statements, and projections

CLIENT IS INTERVIEWING FOR AN IMMEDIATE HIRE!

NO CALLS PLEASE, AND LOCAL CANDIDATES ONLY need apply by emailing confidential resume as soon as possible. All qualified will be contacted immediately.

CP 2–6 (Continued)

An example of a job advertisement requiring accounting knowledge is as follows:

Source: CareerBuilder.com

EAST REGION FINANCIAL INSTITUTIONS DIRECTOR
Jefferson Wells

JOB SNAPSHOT:

Location: Atlanta, GA 30301	Experience: Not Specified
Employee Type: Full-Time	Travel: Up to 50%
Industry: Accounting–Finance	Post Date: May 17
Manages Others: Yes	Contact Information
Job Type: Accounting	Ref ID: 1294

DESCRIPTION:

Directors at Jefferson Wells are crucial to our success. They bring a wealth of experience and knowledge to our various service offerings and are responsible for ensuring the development and execution of the strategic plan for their respective market. Their goal is to drive the development of the Solution Area with the goal of significant growth and profitability. They provide technical expertise and leverage a network of clients and contacts. The Director plays a critical role in the leadership and development of our Engagement Managers and Professional Consultants.

Directors create and implement the Marketing Operating Plan, as well as create revenue strategies to meet revenue targets. They drive development and execution of effective client solutions to key targets. Directors work closely with Business Development Managers on proposals and business development calls. Directors serve as the business advisor to clients to ensure quality assurance standards are met. They manage, direct, and monitor multiple client services teams on client engagements. They maintain strong communication with clients to manage expectations, ensure client satisfaction and adherence to deadlines. Other key success factors include:

- Solid history of excellent performance, management capability, and revenue growth
- Proven ability to drive a business including selling, work plan development, proposal writing, and overseeing service delivery
- Management experience of a large group of professionals of 10 or more, with demonstrated history of building a solution area—hiring, training, and mentoring
- Demonstrated ability in developing meaningful client relationships, and capacity to bring and leverage relationships to Jefferson Wells

The East Region Financial Institutions Director works under the general supervision of the East Region Vice President and has a dotted line relationship to the Managing Directors in the region. This Director will be recognized as a financial institution industry leader with expertise in the areas of commercial and residential loan origination/servicing, deposit operations, and the corresponding GAAP accounting requirements as well as regulatory compliance. He/she will be accountable for overseeing the following projects/activities at Jefferson Wells' financial institution clients in one or all of the following areas:

- Regulatory Compliance including Loan Compliance and BSA/AML
- Troubled Debt Restructuring
- Enterprise Risk Management
- Loan Reviews (Commercial and/or Consumer) and Credit Risk
- FAS 15 and FAS 114
- Foreclosure Application Processing
- Loss Mitigation
- Financial Process Documentation and Improvement
- Policy and Procedure Development

CP 2–6 (Concluded)

Jefferson Wells delivers professional services in the areas of internal audit and controls, technology risk management, tax, and finance and accounting-related services. The firm's unique, agile structure aligns experienced professionals with proven processes to deliver pragmatic and cost-effective results. Headquartered in Milwaukee, Jefferson Wells serves clients, including Fortune 500 and Global 1000 companies, from offices worldwide. Jefferson Wells is an independently operating, wholly owned subsidiary of Manpower Inc. (NYSE: MAN).

Jefferson Wells is an Equal Opportunity Employer.

REQUIREMENTS:

- Minimum 12 years or more of clearly progressive, professional development in the general area of accounting services/internal auditing, including a mix of public accounting and managerial level financial institution industry experience
- Bachelor's degree in accounting
- CPA, CIA, and/or MBA preferred
- Consulting delivery experience
- Strong leadership skills
- Senior-level internal compliance experience within a large financialinstitution
- Willingness and ability to travel