Solution Manual for Financial Accounting Fundamentals 5th Edition by Wild ISBN 0078025753 9780078025754

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QUESTIONS

1. a. Common asset accounts: cash, accounts receivable, notes receivable, prepaid expenses (rent, insurance, etc.), office supplies, store supplies, equipment, building, and land.

b. Common liability accounts: accounts payable, notes payable, and unearned revenue, wages payable, and taxes payable.

c. Common equity accounts: common stock and dividends.

2. A note payable is formal promise, usually denoted by signing a promissory note to pay a future amount. A note payable can be short-term or long-term, depending on when it is due. An account payable also references an amount owed to an entity. An account payable can be oral or implied, and often arises from the purchase of inventory, supplies, or services. An account payable is usually short-term.

3. There are several steps in processing transactions: (1) Identify and analyze the transaction or event, including the source document(s), (2) apply double-entry accounting, (3) record the transaction or event in a journal, and (4) post the journal entry to the ledger. These steps would be followed by preparation of a trial balance and then with the reporting of financial statements.

4. A general journal can be used to record any business transaction or event.

5. Debited accounts are commonly recorded first. The credited accounts are commonly indented.

6. A transaction is first recorded in a journal to create a complete record of the transaction in one place. (The journal is often referred to as the book of original entry.) This process reduces the likelihood of errors in ledger accounts.

7. Expense accounts have debit balances because they are decreases to equity (and equity has a normal credit balance).

8. The recordkeeper prepares a trial balance to summarize the contents of the ledger and to verify the equality of total debits and total credits. The trial balance also serves as a helpful internal document for preparing financial statements and other reports.

9. The error should be corrected with a separate (subsequent) correcting entry. The entry's explanation should describe why the correction is necessary.

10. The four financial statements are: income statement, balance sheet, statement of retained earnings, and statement of cash flows.

11. The balance sheet provides information that helps users understand a company's financial position at a point in time. Accordingly, it is often called the statement of financial position. The balance sheet lists the types and dollar amounts of assets, liabilities, and equity of the business.

12. The income statement lists the types and amounts of revenues and expenses, and reports whether the business earned a net income (also called profit or earnings) or a net loss.

13. An income statement user must know what time period is covered to judge whether the company's performance is satisfactory. For example, a statement user would not be able to assess whether the amounts of revenue and net income are satisfactory without knowing whether they were earned over a week, a month, a quarter, or a year.

14. (a) Assets are probable future economic benefits obtained or controlled by a specific entity as a result of past transactions or events. (b) Liabilities are probable future sacrifices of economic benefits arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events. (c) Equity is the residual interest in the assets of an entity that remains after deducting its liabilities. (d) Net assets refer to equity.

15. The balance sheet is sometimes referred to as the statement of financial position.

16. Debit balance accounts on the Polaris balance sheet include: Cash and cash equivalents; Trade receivables, net; Inventories, net; Prepaid expenses and other; Income taxes receivable; Deferred tax assets; Land, buildings and improvements; Equipment and tooling; Property and equipment, net; Investments in finance affiliate; Investments in other affiliates; Goodwill and other intangible assets, net.

Credit balance accounts on the Polaris balance sheet include: Accumulated depreciation; Current portion of long-term borrowings under credit agreement; Current portion of capital lease obligations; Accounts payable; Accrued expenses (including compensation, warranties, sales promotions and incentives, dealer holdback and other); Income taxes payable; Deferred income taxes; Capital lease obligations; Long-term debt; Preferred stock; Common stock; Additional paid-in capital; Retained earnings; Accumulated other comprehensive income, net.

17. The asset account with *receivable* in its account title is: Accounts receivable, less allowances. The liabilities with *payable* in the account title are: Accounts payable and Income taxes payable.

18. KTM's revenue account is titled ¯Net sales.‖

19. Piaggio calls the asset referring to its merchandise available for sale: ¯Inventories.‖

QUICK STUDIES

Quick Study 2-1 (10 minutes)

The likely source documents include:

a. Sales ticket
d. Telephone bill
e. Invoice from supplier
i. Bank statement

Quick Study 2-2 (5 minutes)

a.	B	Balance sheet
b.	E	Statement of retained earnings
c.	I	Income statement
d.	B	Balance sheet
e.	B	Balance sheet
f.	I	Income statement
g.	B	Balance sheet
h.	B	Balance sheet
i.	B	Balance sheet

Quick Study 2-3 (10 minutes)

a.	Debit	d.	Debit	g.	Credit
b.	Debit	e.	Debit	h.	Debit
c.	Credit	f.	Debit	i.	Credit

Quick Study 2-4 (10 minutes)

a.	Debit	e.	Debit	i.	Credit
b.	Debit	f.	Credit	j.	Debit
c.	Credit	g.	Credit	k.	Debit
d.	Credit	h.	Debit	l.	Credit

Quick Study 2-5 (10 minutes)

a.	Debit	e.	Debit	i.	Credit
b.	Credit	f.	Credit	j.	Debit
c.	Debit	g.	Credit		
d.	Credit	h.	Credit		

Quick Study 2-6 (15 minutes)

May 15	Cash	70,000	
	Equipment	30,000	
	Common Stock..		100,000
	Owner invests cash and equipment for stock.		
21	Office Supplies	280	
	Accounts Payable		280
	Purchased office supplies on credit.		
25	Cash..	7,800	
	Landscaping Services Revenue		7,800
	Received cash for landscaping services.		
30	Cash..	1,000	
	Unearned Landscaping Services Revenue ..		1,000
	Received cash in advance for landscaping services.		

Quick Study 2-7 (10 minutes)

The correct answer is a.

Explanation: If a $2,250 debit to Utilities Expense is incorrectly posted as a credit, the effect is to understate the Utilities Expense debit balance by $4,500. This causes the Debit column total on the trial balance to be $4,500 less than the Credit column total.

Quick Study 2-8 (10 minutes)

a.	I	e.	B	i.	E
b.	B	f.	B	j.	B
c.	B	g.	B	k.	I
d.	I	h.	I	l.	I

Quick Study 2-9 (10 minutes)

a. Accounting under IFRS follows the same debit and credit system as under US GAAP.

b. The same four basic financial statements are prepared under IFRS and US GAAP: income statement, balance sheet, statement of changes in equity, and statement of cash flows. Although some variations from these titles existwithin both systems, the four basic statements are present.

c. Accounting reports under both IFRS and US GAAP are likely different depending on the extent of accounting controls and enforcement. For example, the absence of controls and enforcement increase the possibility of fraudulent transactions and misleading financial statements. Without controls and enforcement, all accounting systems run the risk of abuse and manipulation.

EXERCISES

Exercise 2-1 (10 minutes)

__1__ a. Analyze each transaction from source documents.

__4__ b. Prepare and analyze the trial balance.

__2__ c. Record relevant transactions in a journal.

__3__ d. Post journal information to ledger accounts.

Exercise 2-2 (10 minutes)

a.	3	d.	5
b.	4	e.	2
c.	1		

Exercise 2-3 (5 minutes)

a.	2	b.	1

Exercise 2-4 (15 minutes)

	Account	Type of Account	Normal Balance	Increase (Dr. or Cr.)
a.	Cash	asset	debit	debit
b.	Legal Expense............................	expense	debit	debit
c.	Prepaid Insurance.....................	asset	debit	debit
d.	Land	asset	debit	debit
e.	Accounts Receivable................	asset	debit	debit
f.	Dividends...................................	equity	debit	debit
g.	License Fee Revenue	revenue	credit	credit
h.	Unearned Revenue	liability	credit	credit
i.	Fees Earned...............................	revenue	credit	credit
j.	Equipment	asset	debit	debit
k.	Notes Payable	liability	credit	credit
l.	Common Stock...........................	equity	credit	credit

Exercise 2-5 (15 minutes)

a.	Beginning accounts payable (credit)	$152,000
	Purchases on account in October (credits)	281,000
	Payments on accounts in October (debits).........................	(?)
	Ending accounts payable (credit)	$132,500
	Payments on accounts in October (debits).........................	$300,500
b.	Beginning accounts receivable (debit)	$102,500
	Sales on account in October (debits)	?
	Collections on account in October (credits)	(102,890)
	Ending accounts receivable (debit)	$ 89,000
	Sales on account in October (debits)	$ 89,390
c.	Beginning cash balance (debit)...	$?
	Cash received in October (debits)	102,500
	Cash disbursed in October (credits)....................................	(103,150)
	Ending cash balance (debit)	$ 18,600
	Beginning cash balance (debit)...	$ 19,250

Exercise 2-6 (15 minutes)

Of the items listed, the following effects should be included:

a. $28,000 increase in a liability account.

b. $10,000 increase in the Cash account.

e. $62,000 increase in a revenue account.

Explanation: This transaction created $62,000 in revenue, which is the value of the service provided. Payment is received in the form of a $10,000 increase in cash, an $80,000 increase in computer equipment, and a
$28,000 increase in its liabilities. The net value received by the company is $62,000.

Exercise 2-7 (25 minutes)

Aug. 1	Cash	6,500	
	Photography Equipment	33,500	
	Common Stock		40,000
	Owner investment in business for stock.		
2	Prepaid Insurance	2,100	
	Cash		2,100
	Acquired 2 years of insurance coverage.		
5	Office Supplies	880	
	Cash		880
	Purchased office supplies.		
20	Cash	3,331	
	Photography Fees Earned		3,331
	Collected photography fees.		
31	UtilitiesExpense	675	
	Cash		675
	Paid for August utilities.		

Exercise 2-8 (30 minutes)

Cash

Aug. 1	**6,500**	**Aug.**	**2**	**2,100**
20	**3,331**		**5**	**880**
			31	**675**
Balance	**6,176**			

Photography Equipment

Aug. 1	**33,500**		

Common Stock

		Aug. 1	**40,000**

Office Supplies

Aug. 5	**880**		

Photography Fees Earned

		Aug. 20	**3,331**

Prepaid Insurance

Aug. 2	2,100		

Utilities Expense

Aug. 31	675		

POSE-FOR-PICS
Trial Balance
August 31

	Debit	*Credit*
Cash	$ 6,176	
Office supplies	880	
Prepaid insurance.......................	2,100	
Photography equipment	33,500	
Common stock............................		$40,000
Photography fees earned...........		3,331
Utilities expense..........................	675	
Totals	$43,331	$43,331

Exercise 2-9 (30 minutes)

a. Cash..100,750 Common
Stock.. 100,750
Owner invested in the business for stock.

b. Office Supplies.. 1,250
Cash... 1,250
Purchased supplies with cash.

c. Office Equipment... 10,050
Accounts Payable 10,050
Purchased office equipment on credit.

d. Cash.. 15,500
Fees Earned... 15,500
Received cash from customer for services.

e. Accounts Payable... 10,050
Cash... 10,050
Made payment toward account payable.

f. Accounts Receivable... 2,700
Fees Earned... 2,700
Billed customer for services provided.

g. Rent Expense.. 1,225
Cash... 1,225
Paid for this period's rental charge.

h. Cash... 1,125 Accounts
Receivable 1,125
Received cash toward an account receivable.

i. Dividends.. 10,000
Cash... 10,000
Paid cash dividends.

Exercise 2-9 (concluded)

Cash			
(a)	100,750	(b)	1,250
(d)	15,500	(e)	10,050
(h)	1,125	(g)	1,225
		(i)	10,000
Balance	94,850		

Accounts Payable			
(e)	10,050	(c)	10,050
		Balance	0

Common Stock			
		(a)	100,750
		Balance	100,750

Accounts Receivable			
(f)	2,700	(h)	1,125
Balance	1,575		

Dividends			
(i)	10,000		
Balance	10,000		

Office Supplies			
(b)	1,250		
Balance	1,250		

Fees Earned			
		(d)	15,500
		(f)	2,700
		Balance	18,200

Office Equipment			
(c)	10,050		
Balance	10,050		

Rent Expense			
(g)	1,225		
Balance	1,225		

Exercise 2-10 (15 minutes)

SPADE COMPANY
Trial Balance
May 31, 2013

	Debit	*Credit*
Cash	$ 94,850	
Accounts receivable	1,575	
Office supplies............................	1,250	
Office equipment	10,050	
Accounts payable........................		$ 0
Common stock		100,750
Dividends	10,000	
Fees earned		18,200
Rent expense	1,225	
Totals...	$118,950	$118,950

Exercise 2-11 (20 minutes)

Transactions that created revenues:

b.	Accounts Receivable	2,300	
	Services Revenue		2,300
	Provided services on credit.		
c.	Cash	875	
	Services Revenue		875
	Provided services for cash.		

[Note: Revenues are inflows of assets (or decreases in liabilities) received in exchange for goods or services provided to customers.]

Transactions that did not create revenues along with the reasons are:

a. This transaction brought in cash, but this is an owner investment.

d. This transaction brought in cash, but it created a liability because the services have not yet been provided to the client.

e. This transaction changed the form of the asset from accounts receivable to cash. Total assets were not increased (revenue was recognized when the receivable was originally recorded).

f. This transaction brought in cash and increased assets, but it also increased a liability by the same amount (no goods or services were provided to generate revenue).

Exercise 2-12 (20 minutes)

Transactions that created expenses:

b.	Salaries Expense	1,233	
	Cash		1,233
	Paid salary of receptionist.		
d.	Utilities Expense	870	
	Cash		870
	Paid utilities for the office.		

[Note: Expenses are outflows or using up of assets (or the creation of liabilities) that occur in the process of providing goods or services to customers.]

Transactions a, c, and e are not expenses for the following reasons:

a. This transaction decreased assets in settlement of a previously existing liability, and equity did not change. Cash payment does not mean the same as using up of assets (expense is recorded when the supplies are used).

c. This transaction involves the purchase of an asset. The form of the company's assets changed, but total assets did not change, and the equity did not decrease.

e. This transaction is a distribution of cash to the owner. Even though equity decreased, the decrease did not occur in the process of providing goods or services to customers.

Exercise 2-13 (15 minutes)

HELP TODAY
Income Statement
For Month Ended August 31

Revenues		
Consulting fees earned		$ 27,000
Expenses		
Rent expense	$ 9,550	
Salaries expense	5,600	
Telephone expense	860	
Miscellaneous expenses	520	
Total expenses		16,530
Net income		$ 10,470

Exercise 2-14 (15 minutes)

HELP TODAY Statement of Retained Earnings For Month Ended August 31	
Retained earnings, July 31	$ 0
Add: Net income (from Exercise 2-13)......	10,470
	10,470
Less: Dividends..	6,000
Retained earnings, August 31...................	$ 4,470

Exercise 2-15 (15 minutes)

HELP TODAY Balance Sheet August 31			
Assets		*Liabilities*	
Cash..............................	$ 25,360	Accounts payable................	$ 10,500
Accounts receivable	22,360		
Office supplies.............	5,250	*Equity*	
Office equipment	20,000	Common stock	102,000
Land..............................	44,000	Retained earnings*	4,470
Total assets..................	$116,970	Total liabilities & equity	$116,970

* Amount from Exercise 2-14.

Exercise 2-16 (20 minutes)

Calculation of change in equity for *part a* through *part d*

	Assets	-	Liabilities	=	Equity
Beginning of the year	$ 60,000	-	$20,000	=	$40,000
End of the year..................	105,000	-	36,000	=	69,000
Net increase in equity........					$29,000

a.

Netincome..	$?
Plus owner investments	0
Less dividends	(0)
Change in equity	$29,000

Net Income = $29,000

Since there were no additional investments or dividends, the net income for the year equals the net increase in equity.

b.

Netincome..	$?
Plus owner investments	0
Less dividends ($1,250/mo. x 12 mo.).............	(15,000)
Change in equity	$29,000

Net Income = $44,000

The dividends were added back because they reduced equity without reducing net income.

c.

Netincome..	$?
Plus owner investment	55,000
Less dividends	(0)
Change in equity	$29,000

Net Loss = $26,000

The investment was deducted because it increased equity without creating net income.

d.

Netincome..	$?
Plus owner investment	35,000
Less dividends ($1,250/mo. X 12 mo.).............	(15,000)
Change in equity	$29,000

Net Income = $9,000

The dividends were added back because they reduced equity without reducing net income and the investments were deducted because they increased equity without creating net income.

Exercise 2-17 (20 minutes)

	(a)	(b)	(c)	(d)
Answers	$(28,000)	$42,000	$73,000	$(45,000)

Computations:

	(a)	(b)	(c)	(d)
Equity, Dec. 31, 2012.....	$ 0	$ 0	$ 0	$ 0
Owner's investments	110,000	$\boxed{42,000}$	87,000	210,000
Dividends	$\boxed{(28,000)}$	(47,000)	(10,000)	(55,000)
Net income (loss)	22,000	90,000	(4,000)	$\boxed{(45,000)}$
Equity, Dec. 31, 2013.....	$104,000	$85,000	$\boxed{\$73,000}$	$110,000

Exercise 2-18 (25 minutes)

a. Belle created a new business and invested $6,000 cash, $7,600 of equipment, and $12,000 in automobiles, all in exchange for stock.

b. Paid $4,800 cash in advance for insurance coverage.

c. Paid $900 cash for office supplies.

d. Purchased $300 of office supplies and $9,700 of equipment on credit.

e. Received $4,500 cash for delivery services provided.

f. Paid $1,600 cash towards accounts payable.

g. Paid $820 cash for gas and oil expenses.

Exercise 2-19 (30 minutes)

		Debit	Credit
a.	Cash	6,000	
	Equipment	7,600	
	Automobiles	12,000	
	Common Stock		25,600
	Owner investment in exchange for stock.		
b.	Prepaid Insurance	4,800	
	Cash		4,800
	Purchased insurance coverage.		
c.	Office Supplies	900	
	Cash		900
	Purchased supplies with cash.		
d.	Office Supplies	300	
	Equipment	9,700	
	Accounts Payable		10,000
	Purchased supplies and equipment on credit.		
e.	Cash	4,500	
	Delivery Services Revenue		4,500
	Received cash from customer for services provided.		
f.	Accounts Payable	1,600	
	Cash		1,600
	Made payment on payables.		
g.	Gas and Oil Expense	820	
	Cash		820
	Paid for gas and oil.		

Exercise 2-20 (30 minutes)

	Description	(1) Difference between Debit and Credit Columns	(2) Column with the Larger Total	(3) Identify account(s) incorrectly stated	(4) Amount that account(s) is overstated or understated
a.	$3,600 debit to Rent Expense is posted as a $1,340 debit.	$2,260	Credit	Rent Expense	Rent Expense is understated by $2,260
b.	$6,500 credit to Cash is posted twice as two credits to Cash.	$6,500	Credit	Cash	Cash is understated by $6,500
c.	$10,900 debit to the Dividends account is debited to Common Stock	$0	—	Common Stock Dividends	Common Stock is understated by $10,900 Dividends is understated by $10,900
d.	$2,050 debit to Prepaid Insurance is posted as a debit to Insurance Expense.	$0	—	Prepaid Insurance Insurance Expense	Prepaid Insurance is understated by $2,050 Insurance Expense is overstated by $2,050
e.	$38,000 debit to Machinery is posted as a debit to Accounts Payable.	$0	—	Machinery Accounts Payable	Machinery is understated by $38,000 Accounts Payable is understated by $38,000
f.	$5,850 credit to Services Revenue is posted as a $585 credit.	$5,265	Debit	Services Revenue	Services Revenue is understated by $5,265
g.	$1,390 debit to Store Supplies is not posted.	$1,390	Credit	Store Supplies	Store Supplies is understated by $1,390

Exercise 2-21 (30 minutes)

a. The debit column is correctly stated because the erroneous debit (to Accounts Payable) is deducted from an account with a (larger assumed) credit balance.

b. The credit column is understated by $37,900 because Accounts Payable was debited — it should have been credited.

c. The Automobiles account balance is correctly stated.

d. The Accounts Payable account balance is understated by $37,900. It should have been increased (credited) by $18,950 but the posting error decreased (debited) it by $18,950.

e. The credit column is $37,900 less than the debit column, or $162,100 in total ($200,000 - $37,900).

Exercise 2-22 (15 minutes)

a.

Co.	Liabilities	/	Assets	=	Debt Ratio	Net Income	/	Average Assets	=	ROA
1	$11,765		$ 90,500		0.13	$20,000		$100,000		0.200
2	46,720		64,000		0.73	3,800		40,000		0.095
3	26,650		32,500		0.82	650		50,000		0.013
4	55,860		147,000		0.38	21,000		200,000		0.105
5	31,280		92,000		0.34	7,520		40,000		0.188
6	52,250		104,500		0.50	12,000		80,000		0.150

b. Company 3 relies most heavily on creditor (non-owner) financing with 82% of its assets financed by liabilities.

c. Company 1 relies least on creditor (non-owner) financing at only 13%. This implies that 87% of the assets are financed by equity (owners).

d. The companies with the highest debt ratios indicate the greatest risk. The two companies with the highest debt ratios are 2 and 3.

e. Company 1 yields the highest return on assets at 20%; followed by Company 5 at 18.8%.

f. As an investor, one prefers high returns at low risk. Company 1 is the preferred investment since it yields the lowest risk (debt ratio is 13%) and highest return on assets (20%).

Exercise 2-23 (10 minutes)

BMW Balance Sheet (in Euro millions) December 31, 2011			
Assets		Equity and liabilities	
Noncurrent assets........	€ 9,826	Total equity	€ 8,222
Current assets	17,682	Noncurrent liabilities...........	7,767
		Current liabilities	11,519
Total assets...................	€27,508	Total equity and liabilities ..	€27,508

PROBLEM SET A

Problem 2-1A (90 minutes)

Part 1

a.	Cash	101	100,000	
	Office Equipment	163	5,000	
	Drafting Equipment	164	60,000	
	Common Stock	307		165,000
	Owner invested cash and equipment for stock.			
b.	Land	172	49,000	
	Cash.	101		6,300
	Notes Payable	250		42,700
	Purchased land with cash and notes payable.			
c.	Building	170	55,000	
	Cash	101		55,000
	Purchased building.			
d.	Prepaid Insurance	108	3,000	
	Cash	101		3,000
	Purchased 18-month insurance policy.			
e.	Cash	101	6,200	
	Engineering Fees Earned	402		6,200
	Collected cash for completed work.			
f.	Drafting Equipment	164	20,000	
	Cash	101		9,500
	Notes Payable	250		10,500
	Purchased equipment with cash and notes payable.			
g.	Accounts Receivable	106	14,000	
	Engineering Fees Earned	402		14,000
	Completed services for client.			
h.	Office Equipment	163	1,150	
	Accounts Payable	201		1,150
	Purchased equipment on credit.			

Problem 2-1A *(Part 1 Continued)*

i.	Accounts Receivable 106	22,000	
	Engineering Fees Earned 402		22,000
	Billed client for completed work.		
j.	Equipment Rental Expense 602	1,333	
	Accounts Payable...............................201		1,333
	Incurred equipment rental expense.		
k.	Cash...101	7,000	
	Accounts Receivable 106		7,000
	Collected cash on account.		
l.	Wages Expense 601	1,200	
	Cash..101		1,200
	Paid assistant's wages.		
m.	Accounts Payable 201	1,150	
	Cash 101		1,150
	Paid amount due on account.		
n.	Repairs Expense 604	925	
	Cash 101		925
	Paid for repair of equipment.		
o.	Dividends 319	9,480	
	Cash..101		9,480
	Paid cash dividends.		
p.	Wages Expense 601	1,200	
	Cash..101		1,200
	Paid assistant's wages.		
q.	Advertising Expense.................................603	2,500	
	Cash..101		2,500
	Paid for advertising expense.		

Problem 2-1A *(Continued)*
Part 2

Cash				No. 101
Date	PR	Debit	Credit	Balance
(a)		100,000		100,000
(b)			6,300	93,700
(c)			55,000	38,700
(d)			3,000	35,700
(e)		6,200		41,900
(f)			9,500	32,400
(k)		7,000		39,400
(l)			1,200	38,200
(m)			1,150	37,050
(n)			925	36,125
(o)			9,480	26,645
(p)			1,200	25,445
(q)			2,500	22,945

Accounts Receivable				No. 106
Date	PR	Debit	Credit	Balance
(g)		14,000		14,000
(i)		22,000		36,000
(k)			7,000	29,000

Prepaid Insurance				No. 108
Date	PR	Debit	Credit	Balance
(d)		3,000		3,000

Office Equipment				No. 163
Date	PR	Debit	Credit	Balance
(a)		5,000		5,000
(h)		1,150		6,150

Drafting Equipment				No. 164
Date	PR	Debit	Credit	Balance
(a)		60,000		60,000
(f)		20,000		80,000

Building				No. 170
Date	PR	Debit	Credit	Balance
(c)		55,000		55,000

Land				No. 172
Date	PR	Debit	Credit	Balance
(b)		49,000		49,000

Accounts Payable				No. 201
Date	PR	Debit	Credit	Balance
(h)			1,150	1,150
(j)			1,333	2,483
(m)		1,150		1,333

Notes Payable				No. 250
Date	PR	Debit	Credit	Balance
(b)			42,700	42,700
(f)			10,500	53,200

Common Stock				No. 307
Date	PR	Debit	Credit	Balance
(a)			165,000	165,000

Dividends				No. 319
Date	PR	Debit	Credit	Balance
(o)		9,480		9,480

Engineering Fees Earned				No. 402
Date	PR	Debit	Credit	Balance
(e)			6,200	6,200
(g)			14,000	20,200
(i)			22,000	42,200

Wages Expense				No. 601
Date	PR	Debit	Credit	Balance
(l)		1,200		1,200
(p)		1,200		2,400

Equipment Rental Expense				No. 602
Date	PR	Debit	Credit	Balance
(j)		1,333		1,333

Advertising Expense				No. 603
Date	PR	Debit	Credit	Balance
(q)		2,500		2,500

Repairs Expense				No. 604
Date	PR	Debit	Credit	Balance
(n)		925		925

ARACEL ENGINEERING
Trial Balance
June 30

	Debit	*Credit*
Cash	$ 22,945	
Accounts receivable	29,000	
Prepaid insurance	3,000	
Office equipment	6,150	
Drafting equipment	80,000	
Building	55,000	
Land	49,000	
Accounts payable		$ 1,333
Notes payable		53,200
Common stock		165,000
Dividends	9,480	
Engineering fees earned		42,200
Wages expense	2,400	
Equipment rental expense	1,333	
Advertising expense	2,500	
Repairs expense	925	
Totals	$261,733	$261,733