

**Solution Manual for Integrated Accounting 8th Edition  
Klooster Allen and Owen 1285462726 9781285462721**

**Full link download**

**Solution Manual:**

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**Chapter 2**

**ACCOUNTING CYCLE OF A SERVICE BUSINESS  
AND BANK RECONCILIATION**

**STUDENT EXERCISES**

**I. MATCHING**

1. m
2. f
3. e
4. h
5. c
6. l
7. i
8. k
9. j
10. a
11. b
12. d
13. g
14. n
15. o
16. p

**II. TRUE/FALSE**

1. F
2. F
3. T
4. T
5. T
6. T
7. T

**III. QUESTIONS**

1. Click on the Accts. toolbar button. When the Account Maintenance window appears, click on the Accounts tab, key the account number and account title of the account to be added, then choose the Add Account button.
2. Click on the Accts. toolbar button. When the Account Maintenance window appears, click on the Accounts tab and select the account to be changed. Key the new account title, then choose the Change button to record the new account title.
3. Click on the Accts. toolbar button. When the Account Maintenance window appears, click on the Accounts tab and select the account to be deleted. Choose the Delete button to delete the selected account (only accounts with zero balances may be deleted).
4. Any business transaction may be entered in the general journal window.

5. Click on the Journals toolbar button. When the Journal Entries window appears, click on the General Journal tab and select the transaction that must be corrected. Key the correction(s), then choose the Post button.
6. Click on the Journals toolbar button. When the Journal Entries window appears, click on the General Journal tab, select the transaction to be deleted, then chose the Delete button.
7. While the Account field has the focus, choose the Chart of Accounts button to cause the computer to display a selection list from which an account may be selected and placed in the Account field.
8. Start Date: 07/01/--  
End Date: 07/31/--
9. Start Date: 09/01/--  
End Date: 09/10/--  
Reference: 5435
10. \$335.00
11. Income Statement, Balance Sheet, and Statement of Owner's Equity.
12. In the Reconciliation window, the computer automatically includes the Cash account balance in the Checkbook Balance field, and all the checks written during the period are displayed in a list box.
13. The computer automatically generates the closing entries that close the temporary income statement accounts to the income summary account, close the income summary account to the capital account, and close the drawing account to the capital account.
14. If an error is detected after closing, use the following procedure:  
(1) correct the journal entry in error, (2) delete the closing entries, and (3) again generate, display, and post the closing journal entries.

**PROBLEM 2-A**

Morrow Consulting  
General Journal  
12/30/--

Date	Refer.	Acct.	Title	Debit	Credit
12/01	3829	5110	Rent Expense	1,200.00	
12/01	3829	1110	Cash		1,200.00
12/01	3830	5150	Telephone Expense	237.73	
12/01	3830	1110	Cash		237.73
12/02	3831	5210	Miscellaneous Expense	42.00	
12/02	3831	1110	Cash		42.00
12/05	2515	5190	Advertising Expense	255.00	
12/05	2515	2110	Accounts Payable		255.00
12/05	5435	1120	Accounts Receivable	3,200.00	
12/05	5435	4110	Consulting Fees		3,200.00
12/06	2516	1130	Supplies	118.56	
12/06	2516	2110	Accounts Payable		118.56
12/06	3832	5160	Automobile Expense	405.00	
12/06	3832	1110	Cash		405.00
12/07	2517	5185	Repair & Maintenance	285.00	
12/07	2517	2110	Accounts Payable		285.00
12/07	3833	5140	Travel/Entertainment Exp.	125.35	
12/07	3833	1110	Cash		125.35
12/09	3834	2110	Accounts Payable	175.00	
12/09	3834	1110	Cash		175.00
12/09	2518	1130	Supplies	225.30	
12/09	2518	2110	Accounts Payable		225.30
12/09	5436	1120	Accounts Receivable	2,000.00	
12/09	5436	4110	Consulting Fees		2,000.00
12/12	5437	1120	Accounts Receivable	3,575.00	
12/12	5437	4110	Consulting Fees		3,575.00
12/13	2519	5190	Advertising Expense	500.00	
12/13	2519	2110	Accounts Payable		500.00
12/14	3835	5195	Dues & Subscriptions	265.00	
12/14	3835	1110	Cash		265.00
12/15	5435	1110	Cash	3,200.00	
12/15	5435	1120	Accounts Receivable		3,200.00
12/16	3836	5200	Charitable Contrib. Exp.	75.00	
12/16	3836	1110	Cash		75.00
12/19	5434	1110	Cash	3,700.00	

12/19	5434	1120	Accounts Receivable		3,700.00
12/20	5438	1120	Accounts Receivable	1,200.00	
12/20	5438	4110	Consulting Fees		1,200.00
12/21	2520	1130	Supplies	135.00	
12/21	2520	2110	Accounts Payable		135.00
12/23	3837	2110	Accounts Payable	136.85	
12/23	3837	1110	Cash		136.85
12/27	3838	2110	Accounts Payable	250.00	
12/27	3838	1110	Cash		250.00
12/29	5433	1110	Cash	3,250.00	
12/29	5433	1120	Accounts Receivable		3,250.00
12/30	3839	2110	Accounts Payable	311.86	
12/30	3839	1110	Cash		311.86
12/30	5436	1110	Cash	2,000.00	
12/30	5436	1120	Accounts Receivable		2,000.00
12/30	3840	5120	Salary Expense	2,054.38	
12/30	3840	1110	Cash		2,054.38
12/30	3841	3120	Joyce Morrow, Drawing	3,200.00	
12/30	3841	1110	Cash		3,200.00
			Totals	32,122.03	32,122.03

Morrow Consulting  
General Journal  
12/30/--

Date	Refer.	Acct.	Title	Debit	Credit
12/01	3829	5110	Rent Expense	1,200.00	
12/01	3829	1110	Cash		1,200.00
12/01	3830	5150	Telephone Expense	237.73	
12/01	3830	1110	Cash		237.73
12/02	3831	5210	Miscellaneous Expense	42.00	
12/02	3831	1110	Cash		42.00
12/05	2515	5190	Advertising Expense	255.00	
12/05	2515	2110	Accounts Payable		255.00
12/05	5435	1120	Accounts Receivable	3,200.00	
12/05	5435	4110	Consulting Fees		3,200.00
12/06	2516	1130	Supplies	118.56	
12/06	2516	2110	Accounts Payable		118.56
12/06	3832	5160	Automobile Expense	405.00	
12/06	3832	1110	Cash		405.00

12/07	2517	5185	Repair & Maintenance	285.00	
12/07	2517	2110	Accounts Payable		285.00
12/07	3833	5140	Travel/Entertainment Exp.	125.35	
12/07	3833	1110	Cash		125.35
12/09	3834	2110	Accounts Payable	175.00	
12/09	3834	1110	Cash		175.00
12/09	2518	1130	Supplies	225.30	
12/09	2518	2110	Accounts Payable		225.30
12/09	5436	1120	Accounts Receivable	2,000.00	
12/09	5436	4110	Consulting Fees		2,000.00
12/12	5437	1120	Accounts Receivable	3,575.00	
12/12	5437	4110	Consulting Fees		3,575.00
12/13	2519	5190	Advertising Expense	500.00	
12/13	2519	2110	Accounts Payable		500.00
12/14	3835	5195	Dues & Subscriptions	265.00	
12/14	3835	1110	Cash		265.00
12/15	5435	1110	Cash	3,200.00	
12/15	5435	1120	Accounts Receivable		3,200.00
12/16	3836	5200	Charitable Contrib. Exp.	75.00	
12/16	3836	1110	Cash		75.00
12/19	5434	1110	Cash	3,750.00	
12/19	5434	1120	Accounts Receivable		3,750.00
12/20	5438	1120	Accounts Receivable	1,200.00	
12/20	5438	4110	Consulting Fees		1,200.00
12/21	2520	1130	Supplies	135.00	
12/21	2520	2110	Accounts Payable		135.00
12/23	3837	2110	Accounts Payable	136.85	
12/23	3837	1110	Cash		136.85
12/27	3838	2110	Accounts Payable	250.00	
12/27	3838	1110	Cash		250.00
12/29	5433	1110	Cash	3,250.00	
12/29	5433	1120	Accounts Receivable		3,250.00
12/30	3839	2110	Accounts Payable	311.86	
12/30	3839	1110	Cash		311.86
12/30	5436	1110	Cash	2,000.00	
12/30	5436	1120	Accounts Receivable		2,000.00
12/30	3840	5120	Salary Expense	2,054.38	
12/30	3840	1110	Cash		2,054.38
12/30	3841	3120	Joyce Morrow, Drawing	3,200.00	
12/30	3841	1110	Cash		3,200.00

Totals	32,172.03	32,172.03
	=====	=====

Morrow Consulting  
Trial Balance  
12/30/--

Acct. Number	Account Title	Debit	Credit
1110	Cash	12,764.00	
1120	Accounts Receivable	2,192.31	
1130	Supplies	1,461.36	
1140	Prepaid Insurance	435.00	
1510	Office Equipment	48,122.00	
1511	Accum. Depr. Office Eqpt.		15,235.75
2110	Accounts Payable		905.33
3110	Joyce Morrow, Capital		36,458.74
3120	Joyce Morrow, Drawing	36,700.00	
4110	Consulting Fees		119,882.73
5110	Rent Expense	17,400.00	
5120	Salary Expense	22,549.76	
5130	Supplies Expense	4,618.77	
5140	Travel/Entertainment Exp.	4,683.15	
5150	Telephone Expense	2,717.74	
5160	Automobile Expense	6,825.68	
5170	Depr. Exp. Office Eqpt.	4,430.63	
5180	Insurance Expense	787.25	
5185	Repair & Maintenance	685.00	
5190	Advertising Expense	3,930.00	
5195	Dues & Subscriptions	415.00	
5200	Charitable Contrib. Exp.	385.00	
5210	Miscellaneous Expense	1,379.90	
		-----	-----
	Totals	172,482.55	172,482.55
		=====	=====

Morrow Consulting  
General Journal  
12/31/--

Date	Refer.	Acct.	Title	Debit	Credit
12/31	Adj.Ent.	5180	Insurance Expense	85.00	
12/31	Adj.Ent.	1140	Prepaid Insurance		85.00
12/31	Adj.Ent.	5130	Supplies Expense	282.86	
12/31	Adj.Ent.	1130	Supplies		282.86
12/31	Adj.Ent.	5170	Depr. Exp. Office Eqpt.	423.00	
12/31	Adj.Ent.	1511	Accum. Depr. Office Eqpt.		423.00
				-----	-----
			Totals	790.86	790.86
				=====	=====

Morrow Consulting  
Income Statement  
For Year Ended 12/31/--

	Monthly Amount	Monthly Percent	Yearly Amount	Yearly Percent
<b>Operating Revenue</b>				
Consulting Fees	9,975.00	100.00	119,882.73	100.00
<b>Total Operating Revenue</b>	<b>9,975.00</b>	<b>100.00</b>	<b>119,882.73</b>	<b>100.00</b>
<b>Operating Expenses</b>				
Rent Expense	1,200.00	12.03	17,400.00	14.51
Salary Expense	2,054.38	20.60	22,549.76	18.81
Supplies Expense	282.86	2.84	4,901.63	4.09
Travel/Entertainment Exp.	125.35	1.26	4,683.15	3.91
Telephone Expense	237.73	2.38	2,717.74	2.27
Automobile Expense	405.00	4.06	6,825.68	5.69
Depr. Exp. Office Eqpt.	423.00	4.24	4,853.63	4.05
Insurance Expense	85.00	0.85	872.25	0.73
Repair & Maintenance	285.00	2.86	685.00	0.57
Advertising Expense	755.00	7.57	3,930.00	3.28
Dues & Subscriptions	265.00	2.66	415.00	0.35
Charitable Contrib. Exp.	75.00	0.75	385.00	0.32
Miscellaneous Expense	42.00	0.42	1,379.90	1.15
<b>Total Operating Expenses</b>	<b>6,235.32</b>	<b>62.51</b>	<b>71,598.74</b>	<b>59.72</b>
<b>Net Income</b>	<b>3,739.68</b>	<b>37.49</b>	<b>48,283.99</b>	<b>40.28</b>

<b>Morrow Consulting General Ledger 12/31/--</b>					
<b>Account Journal</b>	<b>Date</b>	<b>Refer.</b>	<b>Debit</b>	<b>Credit</b>	<b>Balance</b>
<b>4110-Consulting Fees</b>					
Balance Forward					109,907.73 Cr
General	12/05	5435		3,200.00	113,107.73 Cr
General	12/09	5436		2,000.00	115,107.73 Cr
General	12/12	5437		3,575.00	118,682.73 Cr
General	12/20	5438		1,200.00	119,882.73 Cr



Morrow Consulting Statement  
of Owner's Equity For Year  
Ended 12/31/--

Joyce Morrow, Capital (Beg. of Period)	36,458.74
Joyce Morrow, Drawing	-36,700.00
Net Income	48,283.99
	-----
Joyce Morrow, Capital (End of Period)	48,042.73
	=====

Morrow Consulting  
Balance Sheet  
12/31/--

Assets

Cash	12,764.00	
Accounts Receivable	2,192.31	
Supplies	1,178.50	
Prepaid Insurance	350.00	
Office Equipment	48,122.00	
Accum. Depr. Office Eqpt.	-15,658.75	
	-----	
Total Assets		48,948.06
		=====

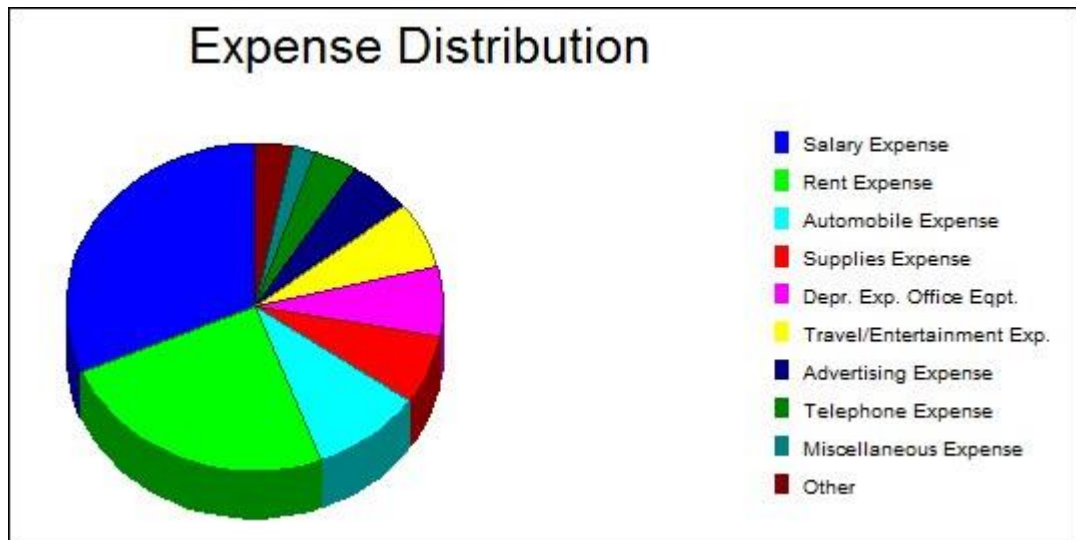
Liabilities

Accounts Payable	905.33	
	-----	
Total Liabilities		905.33

Owner's Equity

Joyce Morrow, Capital	36,458.74	
Joyce Morrow, Drawing	-36,700.00	
Net Income	48,283.99	
	-----	
Total Owner's Equity		48,042.73
		-----
Total Liabilities & Equity		48,948.06
		=====

<b>Morrow Consulting General Ledger 12/31/--</b>					
<b>Account Journal</b>	<b>Date</b>	<b>Refer.</b>	<b>Debit</b>	<b>Credit</b>	<b>Balance</b>
<b>1130-Supplies</b>					
Balance Forward					982.50 Dr
General	12/06	2516	118.56		1,101.06 Dr
General	12/09	2518	225.30		1,326.36 Dr
General	12/21	2520	135.00		1,461.36 Dr
General	12/31	Adj.Ent.		282.86	1,178.50 Dr



Morrow Consulting  
Bank Reconciliation  
12/31/--

Checkbook Balance		12764.00
Plus Bank Credits:		
	283.96	
		283.96
Less Bank Charges:		
	12.00	
		12.00
Adjusted Checkbook Balance		13035.96

Bank Statement Balance			6652.20
Plus Outstanding Deposits:			
		3200.00	
		3750.00	
		3250.00	
		2000.00	
		-----	
			12200.00
Less Outstanding Checks:			
	3838	250.00	
	3839	311.86	
	3840	2054.38	
	3841	3200.00	
		-----	
			5816.24
			-----
Adjusted Bank Balance			13035.96
			=====

INTEROFFICE MEMORANDUM

TO: Joyce Morrow, Owner  
 FROM: Student Name  
 DATE: (Today's Date)  
 SUBJECT: Cash Received

As per your request, the following report reflects the cash received during the month of December:

Student Name

Morrow Consulting  
 Cash Receipts  
 As Of 12/31/--

Date	Refer.	Acct.	Title	Debit	Credit
15-Dec	5435	1110	Cash	\$3,200.00	
15-Dec	5435	1120	Accounts Receivable		\$3,200.00
19-Dec	5434	1110	Cash	\$3,750.00	
19-Dec	5434	1120	Accounts Receivable		\$3,750.00
29-Dec	5433	1110	Cash	\$3,250.00	
29-Dec	5433	1120	Accounts Receivable		\$3,250.00
30-Dec	5436	1110	Cash	\$2,000.00	
30-Dec	5436	1120	Accounts Receivable		\$2,000.00
			Totals	----- \$12,200.00	----- \$12,200.00

=====

Morrow Consulting  
 General Journal  
 12/31/--

Date	Refer.	Acct.	Title	Debit	Credit
12/31	Clo.Ent.	4110	Consulting Fees	119,882.73	
12/31	Clo.Ent.	3130	Income Summary		119,882.73
12/31	Clo.Ent.	3130	Income Summary	71,598.74	
12/31	Clo.Ent.	5110	Rent Expense		17,400.00
12/31	Clo.Ent.	5120	Salary Expense		22,549.76
12/31	Clo.Ent.	5130	Supplies Expense		4,901.63
12/31	Clo.Ent.	5140	Travel/Entertainment Exp.		4,683.15
12/31	Clo.Ent.	5150	Telephone Expense		2,717.74
12/31	Clo.Ent.	5160	Automobile Expense		6,825.68
12/31	Clo.Ent.	5170	Depr. Exp. Office Eqpt.		4,853.63
12/31	Clo.Ent.	5180	Insurance Expense		872.25
12/31	Clo.Ent.	5185	Repair & Maintenance		685.00
12/31	Clo.Ent.	5190	Advertising Expense		3,930.00
12/31	Clo.Ent.	5195	Dues & Subscriptions		415.00
12/31	Clo.Ent.	5200	Charitable Contrib. Exp.		385.00
12/31	Clo.Ent.	5210	Miscellaneous Expense		1,379.90
12/31	Clo.Ent.	3130	Income Summary	48,283.99	
12/31	Clo.Ent.	3110	Joyce Morrow, Capital		48,283.99
12/31	Clo.Ent.	3110	Joyce Morrow, Capital	36,700.00	
12/31	Clo.Ent.	3120	Joyce Morrow, Drawing		36,700.00
			Totals	276,465.46	276,465.46

Morrow Consulting  
 Trial Balance  
 12/31/--

Acct. Number	Account Title	Debit	Credit
1110	Cash	12,764.00	
1120	Accounts Receivable	2,192.31	
1130	Supplies	1,178.50	
1140	Prepaid Insurance	350.00	
1510	Office Equipment	48,122.00	
1511	Accum. Depr. Office Eqpt.		15,658.75
2110	Accounts Payable		905.33
3110	Joyce Morrow, Capital		48,042.73
	Totals	64,606.81	64,606.81

*Student responses to the Internet activity will vary.*

### AUDIT QUESTIONS 2-A

1. \$311.86
2. \$32,172.03
3. \$17,400.00
4. \$415.00
5. \$172,482.55
6. \$790.86
7. \$9,975.00
8. \$71,598.74
9. 62.51%
10. \$3,739.68
11. 40.28%
12. \$48,042.73
13. \$48,948.06
14. \$905.33
15. Salary Expense, Rent Expense, and Automobile Expense
16. \$13,035.96
17. \$276,465.46
18. \$64,606.81

### PROBLEM 2-B

Morrow Consulting  
General Journal  
12/30/--

Date	Refer.	Acct.	Title	Debit	Credit
12/01	3829	5110	Rent Expense	1,200.00	
12/01	3829	1110	Cash		1,200.00
12/01	3830	5150	Telephone Expense	298.71	
12/01	3830	1110	Cash		298.71
12/02	3831	5210	Miscellaneous Expense	37.65	
12/02	3831	1110	Cash		37.65
12/05	2515	5190	Advertising Expense	200.00	
12/05	2515	2110	Accounts Payable		200.00
12/05	5435	1120	Accounts Receivable	2,765.00	
12/05	5435	4110	Consulting Fees		2,765.00
12/06	2516	1130	Supplies	160.00	
12/06	2516	2110	Accounts Payable		160.00
12/06	3832	5160	Automobile Expense	347.65	
12/06	3832	1110	Cash		347.65
12/07	2517	5185	Repair & Maintenance	325.00	
12/07	2517	2110	Accounts Payable		325.00

12/07	3833	5140	Travel/Entertainment Exp.	120.00	
12/07	3833	1110	Cash		120.00
12/09	3834	2110	Accounts Payable	137.42	
12/09	3834	1110	Cash		137.42
12/09	2518	1130	Supplies	239.95	
12/09	2518	2110	Accounts Payable		239.95
12/09	5436	1120	Accounts Receivable	1,500.00	
12/09	5436	4110	Consulting Fees		1,500.00
12/12	5437	1120	Accounts Receivable	4,000.00	
12/12	5437	4110	Consulting Fees		4,000.00
12/13	2519	5190	Advertising Expense	635.00	
12/13	2519	2110	Accounts Payable		635.00
12/14	3835	5195	Dues & Subscriptions	235.00	
12/14	3835	1110	Cash		235.00
12/15	5435	1110	Cash	2,765.00	
12/15	5435	1120	Accounts Receivable		2,765.00
12/16	3836	5200	Charitable Contrib. Exp.	35.00	
12/16	3836	1110	Cash		35.00
12/19	5434	1110	Cash	3,750.00	
12/19	5434	1120	Accounts Receivable		3,750.00
12/20	5438	1120	Accounts Receivable	1,000.00	
12/20	5438	4110	Consulting Fees		1,000.00
12/21	2520	1130	Supplies	105.00	
12/21	2520	2110	Accounts Payable		105.00
12/23	3837	2110	Accounts Payable	145.00	
12/23	3837	1110	Cash		145.00
12/27	3838	2110	Accounts Payable	215.00	
12/27	3838	1110	Cash		215.00
12/29	5433	1110	Cash	3,250.00	
12/29	5433	1120	Accounts Receivable		3,250.00
12/30	3839	2110	Accounts Payable	309.10	
12/30	3839	1110	Cash		309.10
12/30	5436	1110	Cash	1,000.00	
12/30	5436	1120	Accounts Receivable		1,000.00
12/30	3840	5120	Salary Expense	2,054.38	
12/30	3840	1110	Cash		2,054.38
12/30	3841	3120	Joyce Morrow, Drawing	3,150.00	
12/30	3841	1110	Cash		3,150.00
			Totals	29,979.86	29,979.86

Morrow Consulting  
General Journal  
12/30/--

Date	Refer.	Acct.	Title	Debit	Credit
12/01	3829	5110	Rent Expense	1,200.00	
12/01	3829	1110	Cash		1,200.00
12/01	3830	5150	Telephone Expense	298.71	
12/01	3830	1110	Cash		298.71
12/02	3831	5210	Miscellaneous Expense	37.65	
12/02	3831	1110	Cash		37.65
12/05	2515	5190	Advertising Expense	200.00	
12/05	2515	2110	Accounts Payable		200.00
12/05	5435	1120	Accounts Receivable	2,765.00	
12/05	5435	4110	Consulting Fees		2,765.00
12/06	2516	1130	Supplies	160.00	
12/06	2516	2110	Accounts Payable		160.00
12/06	3832	5160	Automobile Expense	347.65	
12/06	3832	1110	Cash		347.65
12/07	2517	5185	Repair & Maintenance	325.00	
12/07	2517	2110	Accounts Payable		325.00
12/07	3833	5140	Travel/Entertainment Exp.	120.00	
12/07	3833	1110	Cash		120.00
12/09	3834	2110	Accounts Payable	137.42	
12/09	3834	1110	Cash		137.42
12/09	2518	1130	Supplies	239.95	
12/09	2518	2110	Accounts Payable		239.95
12/09	5436	1120	Accounts Receivable	1,500.00	
12/09	5436	4110	Consulting Fees		1,500.00
12/12	5437	1120	Accounts Receivable	4,000.00	
12/12	5437	4110	Consulting Fees		4,000.00
12/13	2519	5190	Advertising Expense	635.00	
12/13	2519	2110	Accounts Payable		635.00
12/14	3835	5195	Dues & Subscriptions	235.00	
12/14	3835	1110	Cash		235.00
12/15	5435	1110	Cash	2,765.00	
12/15	5435	1120	Accounts Receivable		2,765.00
12/16	3836	5200	Charitable Contrib. Exp.	35.00	
12/16	3836	1110	Cash		35.00
12/19	5434	1110	Cash	3,750.00	
12/19	5434	1120	Accounts Receivable		3,750.00

12/20	5438	1120	Accounts Receivable	1,000.00	
12/20	5438	4110	Consulting Fees		1,000.00
12/21	2520	1130	Supplies	105.00	
12/21	2520	2110	Accounts Payable		105.00
12/23	3837	2110	Accounts Payable	145.00	
12/23	3837	1110	Cash		145.00
12/27	3838	2110	Accounts Payable	215.00	
12/27	3838	1110	Cash		215.00
12/29	5433	1110	Cash	3,250.00	
12/29	5433	1120	Accounts Receivable		3,250.00
12/30	3839	2110	Accounts Payable	309.10	
12/30	3839	1110	Cash		309.10
12/30	5436	1110	Cash	1,500.00	
12/30	5436	1120	Accounts Receivable		1,500.00
12/30	3840	5120	Salary Expense	2,054.38	
12/30	3840	1110	Cash		2,054.38
12/30	3841	3120	Joyce Morrow, Drawing	3,150.00	
12/30	3841	1110	Cash		3,150.00
			Totals	30,479.86	30,479.86

Morrow Consulting  
Trial Balance  
12/30/--

Acct. Number	Account Title	Debit	Credit
1110	Cash	12,022.26	
1120	Accounts Receivable	2,417.31	
1130	Supplies	1,487.45	
1140	Prepaid Insurance	435.00	
1510	Office Equipment	48,122.00	
1511	Accum. Depr. Office Eqpt.		15,235.75
2110	Accounts Payable		1,118.61
3110	Joyce Morrow, Capital		36,458.74
3120	Joyce Morrow, Drawing	36,650.00	
4110	Consulting Fees		119,172.73
5110	Rent Expense	17,400.00	
5120	Salary Expense	22,549.76	
5130	Supplies Expense	4,618.77	
5140	Travel/Entertainment Exp.	4,677.80	
5150	Telephone Expense	2,778.72	
5160	Automobile Expense	6,768.33	
5170	Depr. Exp. Office Eqpt.	4,430.63	
5180	Insurance Expense	787.25	
5185	Repair & Maintenance	725.00	
5190	Advertising Expense	4,010.00	
5195	Dues & Subscriptions	385.00	



5200	Charitable Contrib. Exp.	345.00	
5210	Miscellaneous Expense	1,375.55	
	Totals	171,985.83	171,985.83

Morrow Consulting  
General Journal  
12/31/--

Date	Refer.	Acct.	Title	Debit	Credit
12/31	Adj.Ent.	5180	Insurance Expense	80.00	
12/31	Adj.Ent.	1140	Prepaid Insurance		80.00
12/31	Adj.Ent.	5130	Supplies Expense	253.25	
12/31	Adj.Ent.	1130	Supplies		253.25
12/31	Adj.Ent.	5170	Depr. Exp. Office Eqpt.	419.63	
12/31	Adj.Ent.	1511	Accum. Depr. Office Eqpt.		419.63
			Totals	752.88	752.88

Morrow Consulting  
Income Statement  
For Year Ended 12/31/--

	Monthly Amount	Monthly Percent	Yearly Amount	Yearly Percent
Operating Revenue				
Consulting Fees	9,265.00	100.00	119,172.73	100.00
Total Operating Revenue	9,265.00	100.00	119,172.73	100.00
Operating Expenses				
Rent Expense	1,200.00	12.95	17,400.00	14.60
Salary Expense	2,054.38	22.17	22,549.76	18.92
Supplies Expense	253.25	2.73	4,872.02	4.09
Travel/Entertainment Exp.	120.00	1.30	4,677.80	3.93
Telephone Expense	298.71	3.22	2,778.72	2.33
Automobile Expense	347.65	3.75	6,768.33	5.68
Depr. Exp. Office Eqpt.	419.63	4.53	4,850.26	4.07
Insurance Expense	80.00	0.86	867.25	0.73
Repair & Maintenance	325.00	3.51	725.00	0.61
Advertising Expense	835.00	9.01	4,010.00	3.36
Dues & Subscriptions	235.00	2.54	385.00	0.32
Charitable Contrib. Exp.	35.00	0.38	345.00	0.29
Miscellaneous Expense	37.65	0.41	1,375.55	1.15
Total Operating Expenses	6,241.27	67.36	71,604.69	60.08
Net Income	3,023.73	32.64	47,568.04	39.92

<b>Morrow Consulting General Ledger 12/31/--</b>					
<b>Account Journal</b>	<b>Date</b>	<b>Refer.</b>	<b>Debit</b>	<b>Credit</b>	<b>Balance</b>
<b>4110-Consulting Fees</b>					
Balance Forward					109,907.73 Cr
General	12/05	5435		2,765.00	112,672.73 Cr
General	12/09	5436		1,500.00	114,172.73 Cr
General	12/12	5437		4,000.00	118,172.73 Cr
General	12/20	5438		1,000.00	119,172.73 Cr

Morrow Consulting Statement  
of Owner's Equity For Year  
Ended 12/31/--

Joyce Morrow, Capital (Beg. of Period)	36,458.74
Joyce Morrow, Drawing	-36,650.00
Net Income	47,568.04
	-----
Joyce Morrow, Capital (End of Period)	47,376.78
	=====

Morrow Consulting  
Balance Sheet  
12/31/--

Assets

Cash	12,022.26	
Accounts Receivable	2,417.31	
Supplies	1,234.20	
Prepaid Insurance	355.00	
Office Equipment	48,122.00	
Accum. Depr. Office Eqpt.	-15,655.38	
	-----	
Total Assets		48,495.39
		=====

Liabilities

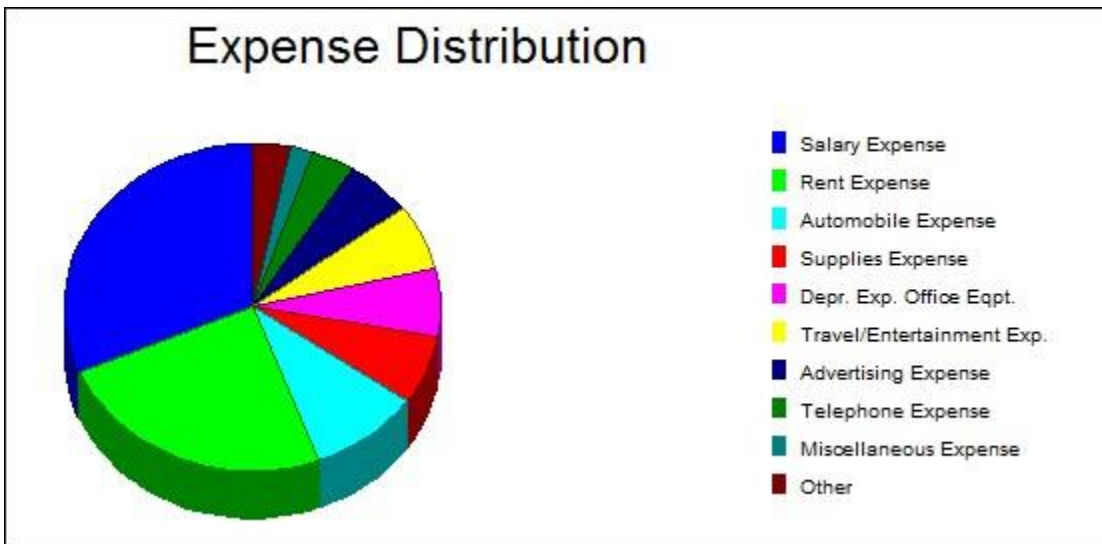
Accounts Payable	1,118.61	
	-----	
Total Liabilities		1,118.61

Owner's Equity

Joyce Morrow, Capital	36,458.74
-----------------------	-----------

Joyce Morrow, Drawing	-36,650.00	
Net Income	47,568.04	
	-----	
Total Owner's Equity		47,376.78
		-----
Total Liabilities & Equity		48,495.39
		=====

<b>Morrow Consulting General Ledger 12/31/--</b>					
Account Journal	Date	Refer.	Debit	Credit	Balance
<b>1130-Supplies</b>					
					982.50 Dr
Balance Forward					982.50 Dr
General	12/06	2516	160.00		1,142.50 Dr
General	12/09	2518	239.95		1,382.45 Dr
General	12/21	2520	105.00		1,487.45 Dr
General	12/31	Adj.Ent.		253.25	1,234.20 Dr



Morrow Consulting  
Bank Reconciliation  
12/31/--

Checkbook Balance

12022.26

Plus Bank Credits:		219.62	
		-----	
			219.62
Less Bank Charges:		17.50	
		-----	
			17.50
			-----
Adjusted Checkbook Balance			12224.38
			=====
Bank Statement Balance			6832.86
Plus Outstanding Deposits:		2765.00	
		3750.00	
		3250.00	
		1500.00	
		-----	
			11265.00
Less Outstanding Checks:			
	3837	145.00	
	3838	215.00	
	3839	309.10	
	3840	2054.38	
	3841	3150.00	
		-----	
			5873.48
			-----
Adjusted Bank Balance			12224.38
			=====

INTEROFFICE MEMORANDUM

TO: Joyce Morrow, Owner  
 FROM: Student Name  
 DATE: (Today's Date)  
 SUBJECT: Cash Received

As per your request, the following report reflects the cash received during the month of December:

Student Name

Morrow Consulting  
 Cash Receipts  
 As Of 12/31/--

Date	Refer.	Acct.	Title	Debit	Credit
15-Dec	5435	1110	Cash	\$2,765.00	
15-Dec	5435	1120	Accounts Receivable		\$2,765.00
19-Dec	5434	1110	Cash	\$3,750.00	
19-Dec	5434	1120	Accounts Receivable		\$3,750.00

29-Dec	5433	1110	Cash	\$3,250.00	
29-Dec	5433	1120	Accounts Receivable		\$3,250.00
30-Dec	5436	1110	Cash	\$1,500.00	
30-Dec	5436	1120	Accounts Receivable		\$1,500.00
				-----	-----
Totals				\$11,265.00	\$11,265.00
				=====	=====

Morrow Consulting  
General Journal  
12/31/--

Date	Refer.	Acct.	Title	Debit	Credit
12/31	Clo.Ent.	4110	Consulting Fees	119,172.73	
12/31	Clo.Ent.	3130	Income Summary		119,172.73
12/31	Clo.Ent.	3130	Income Summary	71,604.69	
12/31	Clo.Ent.	5110	Rent Expense		17,400.00
12/31	Clo.Ent.	5120	Salary Expense		22,549.76
12/31	Clo.Ent.	5130	Supplies Expense		4,872.02
12/31	Clo.Ent.	5140	Travel/Entertainment Exp.		4,677.80
12/31	Clo.Ent.	5150	Telephone Expense		2,778.72
12/31	Clo.Ent.	5160	Automobile Expense		6,768.33
12/31	Clo.Ent.	5170	Depr. Exp. Office Eqpt.		4,850.26
12/31	Clo.Ent.	5180	Insurance Expense		867.25
12/31	Clo.Ent.	5185	Repair & Maintenance		725.00
12/31	Clo.Ent.	5190	Advertising Expense		4,010.00
12/31	Clo.Ent.	5195	Dues & Subscriptions		385.00
12/31	Clo.Ent.	5200	Charitable Contrib. Exp.		345.00
12/31	Clo.Ent.	5210	Miscellaneous Expense		1,375.55
12/31	Clo.Ent.	3130	Income Summary	47,568.04	
12/31	Clo.Ent.	3110	Joyce Morrow, Capital		47,568.04
12/31	Clo.Ent.	3110	Joyce Morrow, Capital	36,650.00	
12/31	Clo.Ent.	3120	Joyce Morrow, Drawing		36,650.00
				-----	-----
Totals				274,995.46	274,995.46
				=====	=====

Morrow Consulting  
Trial Balance  
12/31/--

Acct. Number	Account Title	Debit	Credit
1110	Cash	12,022.26	
1120	Accounts Receivable	2,417.31	
1130	Supplies	1,234.20	
1140	Prepaid Insurance	355.00	
1510	Office Equipment	48,122.00	
1511	Accum. Depr. Office Eqpt.		15,655.38
2110	Accounts Payable		1,118.61

3110	Joyce Morrow, Capital		47,376.78
	Totals	64,150.77	64,150.77

*Student responses to the Internet activity will vary.*

### **AUDIT QUESTIONS 2-B**

1. \$215.00
2. \$30,479.86
3. \$1,118.61
4. \$4,010.00
5. \$171,985.83
6. \$752.88
7. \$119,172.73
8. \$6,241.27
9. 60.08%
10. \$47,568.04
11. 32.64%
12. \$47,376.78
13. \$48,495.39
14. \$1,118.61
15. Salary Expense and Rent Expense
16. \$12,224.38
17. \$274,995.46
18. \$64,150.77