Sample A

AC211
Comp 3

100

Name ______________________

COMPREHENSIVE PROBLEM 3

1.

JOURNAL

PAGE

DATE		DESCRIPTION	POST. REF.	DEBIT	CREDIT
Jan	2	Petty cash		2,000	
		cash			2,000
Mar	4	office supplies		789	
		Misc. selling Exp.		256	
		Misc. admin Exp.		378	
		cash			1423
Apr	5	merchandise inventory		14,000	
		accounts Payable			14,000
May	7	accounts Payable		14,000	
		cash			14,000
	10	cash		9,455	
		cash short and over		90	
		sales			9,545
Jun	2	Notes Receivable		80,000	
		account Receivable - Stevens			80,000
aug	1	cash		81,200	
		Notes Receivable			80,000
		Interest Revenue. (80,000 X 9% X 60/360)			1200
	8	cash		3400	
		allowance for doubtful Accts		600	
		account Receivable - Jacobs			4,000
	25	account Receivable - Jacobs		600	
		allowance for doubtful Accts			600
	25	Cash		600	
		account Receivable - Jacobs			600
Sep	2	land		292,500	
		Interest Exp (300,000 x 90/360 x 10%)		7500	
		Notes Payable			300,000
Oct	2	cash		60,000	
		Notes Receivable		40,000	
		accumulated depreciation - Office Eqp		25,000	
		Loss on sale of office equipment		15,000	
		Office Equipment			140,000

COMPREHENSIVE PROBLEM 3, Continued

JOURNAL

PAGE

	DATE		DESCRIPTION	POST. REF.	DEBIT	CREDIT	
1	Nov	30	Sales Salaries Exp		60,400		1
2			Office Salaries Exp		34,500		2
3			Emp. Federal Income Tax Payable			17,082	3
4			Social Security Tax Payable			5450	4
5			Medicare Tax Payable			1424	5
6			Salaries payable			70,944	6
7							7
8		30	Payroll Tax Payable		7066		8
9			Social Security Tax Payable			5450	9
10			Medicare Tax payable			1424	10
11			State unemployment Tax Pyble			160	11
12			Fed. Unemployment Tax payable			32	12
13							13
14	Dec	1	Notes Payable		300,000		14
15			Cash			300,000	15
16		30	Pension Expense		85,000		16
17			Cash			62,400	17
18			Unfunded Pension liability			22,600	18
19							19
20							20
21							21
22							22
23							23
24							24
25							25
26							26
27							27
28							28
29							29
30							30
31							31
32							32
33							33
34							34
35							35
36							36

Name [redacted]

COMPREHENSIVE PROBLEM 3, Continued

2.

Blackwell Company

Bank Reconciliation

December 31, 2010

Balance according to bank statement	$126,400
Add deposit in transit, not recorded by bank	13,200
	$139,600
Deduct outstanding checks	30,600
Adjusted balance	$109,000
Balance according to company's records	$109,650
Deduct:	
Bank service charges	350
Error in recording check	300
Adjusted Balance	$109,000

COMPREHENSIVE PROBLEM 3, Continued

3. and 4.

JOURNAL

PAGE

DATE		DESCRIPTION	POST. REF.	DEBIT	CREDIT
		3. Miscellaneous Admin Exp	✓	350	
		Accounts Payable		300	
		Cash			650
		4. a Uncollectable Acct Exp	✓	7950	
		Allowance for doubtful Acct			7950
		(7,200 + 750)			
		b. Cost of Merchandise Sold	✓	1480	
		Merchandise Inventory			1480
		c. Insurance Exp		10200	
		Prepaid Insurance	✓		10,200
		d. Office Supply Expense	✓	1760	
		Office Supplies			1760
		e. Dep. Exp - Buildings		10,000	
		Dep. Exp - Office Equipment	✓	12,500	
		Dep. Exp - Store Equipment	✓	12,500	
		Accumulated Dep - Building			10,000
		Accumulated Dep - Office Equipment			12,500
		Accumulated Dep - Store Equipment			12,500
		f. Amortization Exp - Patents	✓	4500	
		Patents			4500
		g. Depletion Exp.		13,700	
		Accumulated depletion	✓		13,700
		h. Vacation Pay Exp	✓	4800	
		Vacation Pay Payable			4800
		i. Product Warranty Exp	✓	21,000	
		Product Warranty Payable			21,000
		j. Interest Receivable	✓	600	
		Interest Revenue			600

COMPREHENSIVE PROBLEM 3, Continued

5.

Blackwell Company
Balance Sheet
December 31, 2010

Assets

Current assets:			
Petty cash		$2,000	
Cash		109,000	
Notes Receivable		40,000	
Account Receivable	$210,000		
Less allowance for doubtful accounts	7,200	202,800	
Merchandise Inventory - at cost (LIFO)		144,200	
Interest Receivable		600	
Prepaid Insurance		20,400	
Office supplies		6,000	
Total current assets			$525,000
Property plant, and equipment			
Land		202,000	
Buildings	$400,000		
Less accumulated depreciation	10,000	390,000	
Office equipment	110,000		
Less accumulated depreciation	12,000	98,000	
Store equipment	50,000		
Less accumulated depreciation	12,500	37,500	
mineral rights	$220,000		
Less accumulated depletion	13,200	206,800	
Total property, plant and equipment			$1,024,300

Misg Tot l Ass 1567,300

Name [redacted]

COMPREHENSIVE PROBLEM 3, Continued

Liabilities			
Current liabilities			
Social security tax payable		$10,470	
Medicare tax payable		2,500	
Employees federal income tax payable		17,760	
State unemployment tax payable		100	
Fed. unemployment tax payable		70	
Salaries payable		85,000	
Accounts payable		140,000	
Interest payable		3,200	
Product warranty payable		21,000	
Vacation pay payable		3,700	
Notes payable		25,000	
Total current liabilities			$307,750
Long-term liabilities			
Vacation pay payable		$1,600	
Unfunded pension liability		22,600	
Notes payable		75,000	
Total long-term liabilities			99,200
Total liabilities			$406,950
Owner's Equity			
J. Crane, capital			
Total liabilities and owner's equity			1,160,350
			$1,567,300

COMPREHENSIVE PROBLEM 3, Concluded

6.

The merchandise destroyed was $142,200		
Merchandise inventory, January 1		$144,200
Purchases, January 1 – February 7		40,000
Merchandise available for sale		$184,200
Sales, January 1 – February 7	$70,000	
Less estimated gross profit (70,000 × 40%)	28,000	
Estimated cost of merchandise sold		42,000
Estimated merchandise inventory destroyed		$142,200