




College Accounting

Chapters 1-25

A PRACTICAL APPROACH

Ninth Edition

Jeffrey Slater



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College Accounting

A Practical Approach

*Chapters 1–25
Ninth Edition*

Jeffrey Slater

*North Shore Community College
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Prentice Hall
Upper Saddle River, New Jersey 07458

Library of Congress Cataloging-in-Publication Data

Slater, Jeffrey, 1947–

College accounting: a practical approach, chapters 1–25 / Jeffrey

Slater.—9th ed.

p. cm.

Includes index.

ISBN 0-13-143961-8

1. Accounting. I. Title.

HF5635.S6315 2003

657'.044—dc22

2003064991

Editor-in-Chief: PJ Boardman

Managing Editor (Editorial): Alana Bradley

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Design Manager: Maria Lang

Interior Designer: Blair Brown

Cover Design: Blair Brown

Cover Illustration/Photo: Courtesy of Rob Casey & Getty Images, Inc.

Photo Researcher: Teri Stratford

Image Permission Coordinator: Tara Gardner

Manager, Multimedia Production: Christy Mahon

Composition/Full-Service Project Management: Progressive Publishing Alternatives

Printer/Binder: Courier–Kendallville

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10 9 8 7 6 5 4 3
ISBN 0-13-143961-8

A Note to Faculty from Jeff Slater . . .

We share common goals. We want to motivate our students to be interested in accounting and to see accounting as the most dynamic tool of business. We want to introduce students to the accounting cycle and to learn double entry accounting. We want our students to see the critical role accounting plays in making business decisions. And, along the way, we want students to develop skills that will enable them to succeed in the workforce.

These are my goals for each edition of **College Accounting**. Nothing has changed and yet everything has changed. Now we have the opportunity to utilize the excitement of a new text design, provide a wealth of pedagogical tools, and exploit the learning mediums and available technologies to enhance your teaching environment and your students' learning experience.

Thank you for your interest in the Ninth Edition of **College Accounting** and, as you peruse the remainder of this preface, I encourage you to *Taste the Slater Difference!*

UNIQUE SLATER LEARNING SYSTEM

Three Text Versions!

Three versions of **College Accounting 9e** are available to enable faculty to customize the text to fit their individual course need.

Learning Units with Immediate Application

A Slater hallmark! Unlike other texts that require students to read 30+ pages before they have a chance to test their understanding, **College Accounting 9e** organizes each chapter into small, bite-sized units. Students are introduced to new concepts in the **Learning Unit** and then immediately have the opportunity to test their understanding in the **Learning Unit Reviews**.

Study Guide and Working Papers

The Study Guide and Working Papers are available for each of the three text versions. All of the forms needed to solve the chapter problems are included in the working papers and are referenced by page to the text.

Unique Presentation of Perpetual and Periodic Inventory

Slater has an appendix to Chapter 9 that provides an introduction to merchandising through general journals for a perpetual inventory system instead of special journals. **College Accounting 9e** completes the merchandise cycle by Chapter 12 and then provides the **OPTION** to cover perpetual inventory for a merchandise company in the Appendices.

In-Text Practice Set

The in-text Valdez Realty Practice Set (Chapter 5) enables students to complete two cycles of transactions (in your choice of manual or electronic formats). And source documents to complete the practice set are now included.

END-OF-CHAPTER ASSIGNMENT MATERIAL INCLUDES:

Key Terms/Blueprint

This feature is designed to highlight the key terms that students should know for each chapter, and the blueprint highlights important accounting processes they should know.

YOU make the call

These action-oriented exercises encourage students to put themselves in the decision-maker's seat.

Internet Exercises

These exercises provide students with the opportunity to use the Internet to solve specific accounting problems.

Continuing Problem

Throughout the book, students will read about a single company, called El Dorado Computer Company. At the end of each chapter, students will apply concepts you have learned to solve a specific accounting problem. In the next chapter, students will see the next evolution in the organization.

Comprehensive Problem

This problem helps students recall concepts from previous chapters as they pull upon all of their knowledge to solve these problems.

Unique In-Text Computer Workshops

These Workshops (beginning at the end of Chapter 3) enable students to use the latest release of Peachtree Complete Accounting Software in order to solve specific accounting problems. *Note that the full version of this software may be packaged with new copies of the text at a minimal charge.*

NEW FOR THE NINTH EDITION

New Text Versions!

The Slater text is available in three text versions: Chapters 1–8, 1–12, or 1–25. *Note that Working Papers and Study Guides are packaged free with the briefer texts.*

New! Subway Boxes

This unique feature appears at the ends of many chapters (13 boxed inserts) and shows students how this well-known company uses accounting information to make business. A **new** video (on the DVD) takes students inside Subway to review accounting concepts.

New Content Enhancements

The key content enhancements for **College Accounting 9e** include: eliminating Chapter 11 on Combined Journals from the previous edition, updating all payroll chapters, including updated bank statements reflecting current banking trends (Chapter 4), and a new presentation (Chapter 4) to show adjustments one at a time.

New Chapter-Opening Stories

The chapter-opening stories show students how accounting issues touch their lives each day and motivate students with the topics to be covered in each chapter.

Margin Notes

These “coaching tips” appear in the side margins of each chapter to provide extra insights for students.

NEW TECHNOLOGY RESOURCES FOR THE NINTH EDITION

New! Accounting in the Reel World Video Cases

These in-text video cases are designed to show students how accounting is relevant to the things they are interested in and care about: dating, shopping, sports, dining, and so forth. These are linked to the Slater custom-crafted *On Location! Videos* on the DVD.

New DVD Icons

The icon signals faculty and students that there are resources available to use with the **FREE DVD packaged only with New Student Texts!** These include:

Videos

- New! Subway *On Location! Video* linked to the new Subway in-text boxes
- New! *On Location! Videos!* linked to the new in-text video cases
- New! Jeff Slater Learning Unit Review Video for Chapters 1–5
- New! 5 Steps in Accounting Cycle Video

Software

- General Ledger Software
- Data files for the latest releases of the Getting Started Series (Peachtree, QuickBooks, Simply Accounting)
- PowerPoint® slides
- Links to the Slater Website and online courses

SUPPLEMENTS:

Technology Resources

INNOVATION! Instructor Resource CD-ROM This unique tool enables faculty to **save time** and **quickly prepare highly effective and interactive multimedia classroom presentations**. Using a **highly accessible menu**, faculty can easily customize their lectures using an interactive library of video, PowerPoints, and additional resources by simply clicking on a chapter or key word.

Enjoy the freedom to transport the entire package from office, to home, to classroom. The Instructor CD-ROM enables you to customize any of the ancillaries, print only the chapters or materials you wish, or access any item from the package within the classroom!

INNOVATION! Getting Started Series Upon request, faculty may package your choice of one of these approximately 90-page manuals on the latest professional accounting software packages with **College Accounting 9/e** at no charge. Each manual introduces students to the concepts of Excel, Peachtree, QuickBooks, or Simply Accounting.

INNOVATION! Special Offers—Professional Accounting Software Packages Package your choice of the latest software releases of Peachtree or Simply Accounting at \$11.00 net with new text purchase.

General Ledger Software The General Ledger software enables students to complete homework assignments using a general ledger software package. Students may also enter and solve their own problems. Available on the Student DVD, Instructor CD-ROM, and downloadable from the Companion Website.

INNOVATION! Standard Online Courses in WebCT, CourseCompass, and BlackBoard Teach a complete online course or a Web-enhanced course. Add your own course materials, take advantage of online testing and Gradebook opportunities, and utilize the bulletin board and discussion board functions. Free upon request. This is an excellent time to build your own course using our CD-ROMs with your choice of platform. (The courses will not be “robust”.)

Companion Website at www.prenhall.com/slater Prentice Hall’s Learning on the Internet Partnership offers extensive Internet-based support. Our Website provides a wealth of resources for students and faculty resources, including an Online Study Guide with Quizzes, Internet Exercises, PowerPoint slides, software downloads, complete faculty supplements, and much more.

Instructor Supplements

INNOVATION! Instructor CD-ROM The **IRCD** contains all print and technology (e.g., videos, data files, PowerPoint slides) supplements on a single CD-ROM.

Instructor’s Solutions Manual Each chapter of this comprehensive resource consists of a list of the student learning objectives and the fully worked-out solutions to the chapter problems.

Test Item File and Achievement Tests The printed Test Item File consists of hundreds of premade questions, including true/false questions, conceptual and quantitative multiple-choice questions, critical thinking problems, and exercises. Each question identifies the difficulty level and the corresponding learning objective. The Achievement Tests give faculty the flexibility to pop a quiz with little effort. **Prentice Hall TestGenEQ** can create exams and evaluate and track student results.

Solutions and Teaching Transparencies Every page of the Solutions Manual has been reproduced in acetate form for use on the overhead projector. These acetates have been enhanced for easier viewing.

On Location! Videos These eight brief videos take students “on location” to real companies where real accounting situations are discussed and explained.

Student Supplements

New! Computerized Accounting Practice Sets The **A-1 Photography and Runners Corporation** practice sets are available complete with data files for Peachtree, QuickBooks, and Simply Accounting. Each practice set also includes business stationery for manual entry work. In addition, the Who-Dun-It Bookstore practice set (for use with Chapters 12–25) has been revised and updated.

INNOVATION! Student DVD The **Student DVD** is free with every new text purchased from Prentice Hall (it can also be purchased separately) and contains the General Ledger software package, PowerPoints, Getting Started data files, On Location! videos, Learning Unit Review videos (for Chapters 1–5), and 5 Steps in the Accounting Cycle videos.

Study Guide with Working Papers This chapter-by-chapter learning aid systematically and effectively helps students study college accounting and get the maximum benefit from their study time. Each chapter provides a Summary Practice Test with fill-in-the-blanks, multiple choice, and true/false problems AND solutions to all the questions, and the Working Papers contain tailor-made spreadsheets to all end-of-chapter problems.

Who-Dun-It Practice Set A case study (with solutions available for instructors) that follows a sole proprietorship throughout end-of-year transactions, cash sales, sales tax, payroll, purchases, and other year-end processes. This practice set is most effectively used with Chapters 12–25 of the text.

ACKNOWLEDGMENTS

Reviewers

I wish to thank the following reviewers for their suggestions, many of which made their way into this text, and for their support, without which this text would not be the success that it is today.

Kevin Bess, Florida Metropolitan, Melbourne
 Janell Spencer, College of the Sequoias
 Susan Davis, Green River Community College
 James Mann, Huntington Junior College
 Michael Farina, Cerritos College
 Thomas Milligan, St. Philip's College
 Harry Gray, Ivy Tech State College, Indianapolis
 Claire Moore, Heald College, Roseville
 Scott Steinhamp, College of Lake County
 Richard Williams, Nashville State Technical Community College
 Marjorie Ashton, Truckee Meadows Community College
 Thea Hosselrode, Allegany College
 Julie Dailey, Tidewater Community College
 Beverly Bugay, Tyler Junior College
 Mark Preising, Florida Metropolitan, Orlando
 William Hood, Central Michigan University

Brenda Bindchatel, Spokane Falls Community College
 Elaine Anes, Heald College, Fresno
 Cornelia Alsheimer, Santa Barbara City College
 Michelle Berube, Florida Metropolitan, Clearwater
 Dorenda Haynes, Heald College, San Jose
 Tom Snavely, Yavapai Community College
 Angela Harper, Indiana Business College, Evansville
 Wayne Smith, Indiana Business College, Lafayette
 Ruth Turner, National College of Business & Technology, Lynchburg
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 Getting Started with Peachtree Complete Accounting 2003—Errol Osteraa, Heald College
 Getting Started with Simply Accounting 2003—Jean Insinga, Middlesex Community College
 Getting Started with QuickBooks Pro 2003—Janet Horne, Los Angeles Pierce College
 Transparency Acetates—Jeff Slater
 Instructor Solutions Manual—Jeff Slater
 Study Guide w/Working Papers—Jeff Slater
 On Location! Videos—Beverly Amer, Northern Arizona University
 Subway Case Videos—Beverly Amer, Northern Arizona University
 5 Steps in the Accounting Cycle Videos—Beverly Amer, Northern Arizona University
 Jeff Slater's One on One Videos—Beverly Amer, Northern Arizona University

Additionally, there are a few people who need to be mentioned for their help with this edition: Nancy Brandwein, for writing the Subway Cases for me; Les Winograd, of Subway World Headquarters, who worked closely with Nancy Brandwein as she created our Subway Cases; and Jim Hatfield, owner of Subway of Upstate South Carolina, who provided real-world examples and first-hand knowledge for the Cases. Tim Carse did a great job as he wrote the chapters on Payroll and worked closely with Errol Osteraa, who once again did an outstanding job writing the Computer Workshops (and the *Getting Started with Peachtree Complete Accounting 2003*). Their effort and expertise are most valuable and much appreciated. Abby Kaminsky did a wonderful job checking proofs, paging the study guide, and coordinating all text reviews. All these people helped me write the text, and I couldn't have done it without them.

The people at Prentice Hall who worked together to make this text a reality also deserve a heartfelt thank you: Kerri Tomasso, for her careful eye on the production of the text; Blair Brown, for his excellent design work both interior and on the cover; Beth Toland; for her non-stop marketing efforts, Sam Goffinet, for all his dedication in getting the supplements out on time AND done right; and to wonderful Jane Avery for keeping us honest at all times. Special thanks to Alana Bradley, my editor, who has shown patience beyond the call of duty. Thanks for always finding a way to resolve my many requests. You are a real jewel.

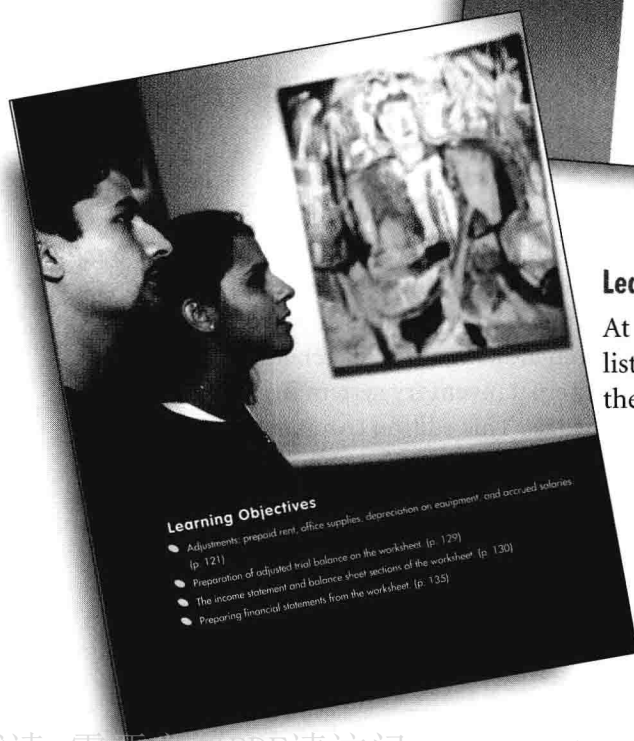
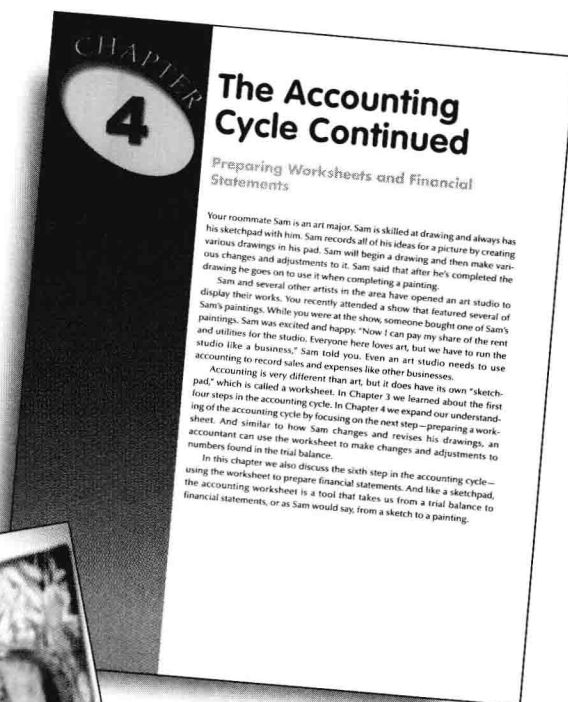
A Note to Students from Jeff Slater . . .

Welcome! **College Accounting 9e** will introduce you to Accounting, the most dynamic tool of business. This textbook focuses on real-world applications designed to help you see the critical role accounting plays in the business world. Each text chapter opens with a real-life situation where an individual learns how accounting is a part of the everyday world. In every instance, I have tried to think of the most interesting and applicable examples for you . . . including selecting Subway, the largest franchised business in the world as the spotlight business for this edition of the text. I hope you will enjoy learning about this tasty business as you devour new accounting concepts.

Please take a few moments to “walk through” the features of the Ninth Edition to see all of the tools that are available to assist you in this course.

New Chapter-Opening Stories

The chapter-opening stories show how accounting issues touch your life each day and motivate topics to be covered in each chapter.



Learning Objectives

At the beginning of each chapter you'll see a list of the key points to be covered within the chapter.

Key Content Changes

- Eliminated Chapter 11 on Combined Journals from the previous edition
- Updated all payroll chapters
- Include updated bank statements reflecting trends in banking (Chapter 4)
- Shows adjustments one at a time (Chapter 4). No other book takes this much time to reinforce learning
- In-text Valdez practice set (manual & computerized) now includes source documents
- Slater covers perpetual inventory with general journal entries (along with samples of perpetual inventory for special journals and worksheets)

APPENDIX A

INTRODUCTION TO A MERCHANDISE COMPANY USING A
GENERAL JOURNAL FOR A PERPETUAL INVENTORY SYSTEM
Introduction to the Merchandise Cycle

Let's use Wal-Mart as an example. We know that Wal-Mart must buy inventory from suppliers to sell to you, the customer. This inventory is called *merchandise inventory*. It is an asset sold to you for cash and/or accounts receivable and represents sales for Wal-Mart.

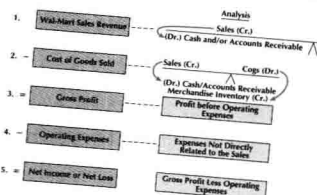
What did it cost Wal-Mart to bring the inventory into the store? The *cost of goods sold* is the total cost of merchandise inventory brought into the store and sold. These costs do not include any operating expenses such as heat, advertising, and salaries. To find Wal-Mart's profit before operating expenses, we take the sales revenue less cost of goods sold. Figure A-1 is called *gross profit on sales*.

Figure A-1
Calculating Gross Profit
on Sales

$$\text{Wal-Mart Sales Revenue} - \text{Cost of Goods Sold} = \text{Gross Profit on Sales}$$

For example, if Wal-Mart sells a TV for \$500 that cost it \$300 to bring into the store, its gross profit is \$200. To find its net income or net loss, Wal-Mart would subtract its operating expenses. Figure A-2 shows how a merchandiser calculates its net income or net loss.

Figure A-2
Introduction to Perpetual
Inventory for a
Merchandise Company



Note In Step 1 the sales provide an inflow of cash and/or accounts receivable. Step 2 shows that when the inventory is sold, it is recognized as a cost (cost of goods sold). By subtracting sales less cost of goods sold, we arrive at the gross profit in Step 3. Step 4 shows that operating expenses subtracted from gross profit result in a net income or net loss in Step 5.

What Inventory System Wal-Mart Uses

When you pay at Wal-Mart you see the use of bar codes and optical scanners. Wal-Mart keeps detailed records of the inventory it brings into the store and what inventory is sold. This continuous updating of inventory is called a *perpetual inventory system*. With this method, Wal-Mart keeps track of what it costs to make the sale (cost of goods sold).

Figure 6-9
Bank Reconciliation for
Supermarket

Debit balance		Credit balance	
Assets		Liabilities	
Current assets		Current liabilities	
Cash	\$11,776.84	Accounts payable	\$2,729.04
Accounts receivable		Notes payable	6,784.52
Inventory		Accrued liabilities	883.64
Prepaid expenses		Deferred liabilities	
Other current assets		Long-term liabilities	
Non-current assets		Bonds payable	
Property, plant, and equipment		Mortgage payable	
Intangible assets		Other long-term liabilities	
Other non-current assets		Equity	
Total non-current assets		Common stock	
Total assets		Retained earnings	
		Total equity	
		Total liabilities and equity	

- Explain how to do a bank reconciliation. (p. 230)
- Explain electronic funds transfer and check truncation. (p. 231)

SELF-REVIEW QUIZ 6-1

SELF-REVIEW QUIZ 6-1

(The blank forms you need are on page 191 of the Study Guide and Working Papers.)

Indicate, by placing an X under it, the heading that describes the appropriate action for each of the following situations:

	Add to	Deduct from	Add to	Deduct from
	Bank	Bank	Checkbook Balance	Checkbook Balance

Add to Bank Balance	Deduct from Bank Balance	Add to Checkbook Balance	Deduct from Checkbook Balance

— DEPOSIT TICKET —

MINI PRACTICE SET

[illegible]

June 1 Rented and paid three months rent in advance to Miller Property Management \$2,100.

Valdez Realty (213) 478-3684
8200 SUNSET BOULEVARD
LOS ANGELES, CA 90028

PAY TO THE ORDER OF Miller Property Mgmt Co. June 1 0001 200X

Two Thousand and one hundred ⁵⁵/₁₀₀ \$ 2,100 ⁵⁵/₁₀₀ DOLLARS


MEMO Rent - June - Aug 200X
4 20200066 4C140000 38570 138 3P0001

Juan Valdez

I Bought an automobile on account from Veho West, \$12,000

I Select: \$2

June 1 Bought an automobile on account from Volvo West, \$12,000


 1 Salem St.
 Los Angeles, CA 90052
 (213) 659-1917

To: VALDEZ REALTY
 8200 Sunset Blvd
 Los Angeles, CA 90068

FINANCE
 INVOICE NO. 1113
 DATE: June 1/86
 TERM: Net 1/90

QUANTITY	DESCRIPTION	UNIT PRICE	AMOUNT
1	ONLY 1999 275 4-Door Automatic	\$12,000.00	\$12,000.00
SUBTOTAL			12,000.00
FREIGHT			
TAX			
TOTAL DUE			\$12,000.00

Make all checks payable to Volvo West

THANK YOU FOR YOUR BUSINESS!

Hallmark Features

Covers both Perpetual and Periodic Inventory

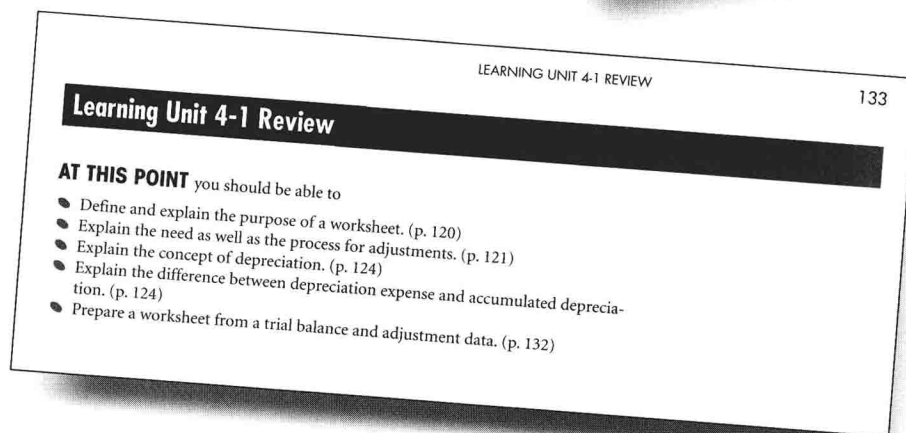
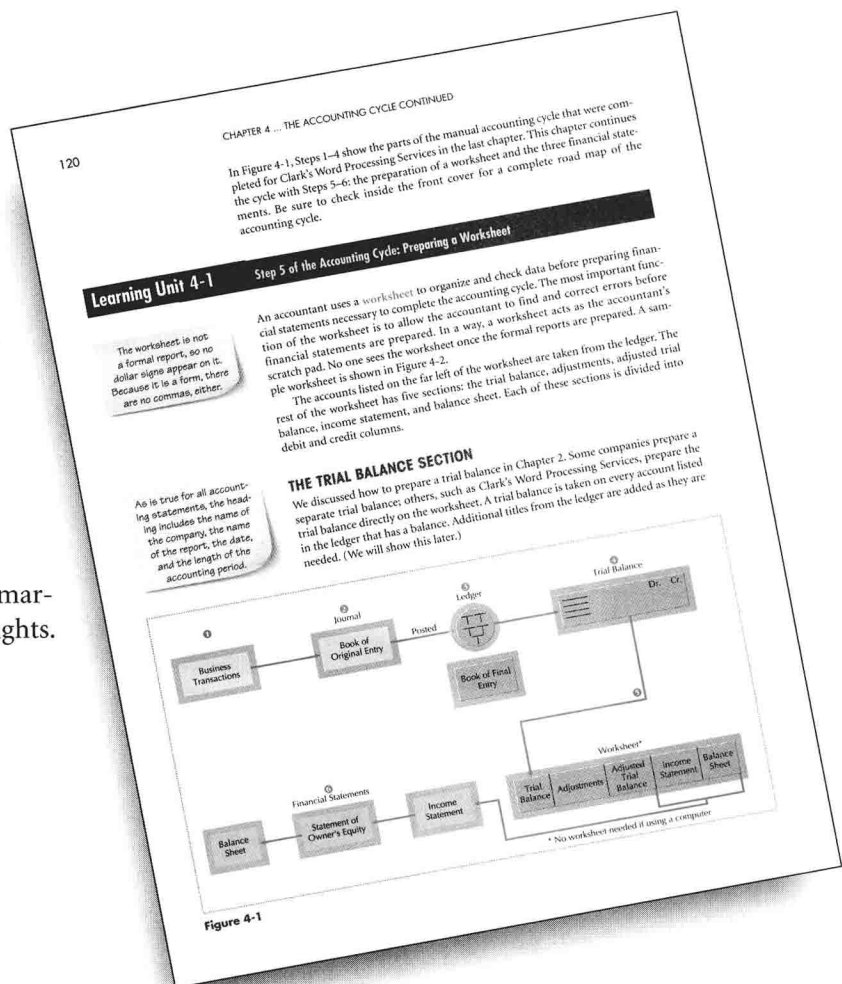
College Accounting 9e has an appendix to Chapter 9 that provides an introduction to merchandizing through general journals for a perpetual inventory system instead of special journals. This edition completes the merchandise cycle by Chapter 12 and then provides the **OPTION** to cover perpetual inventory for a merchandise company in the Appendices.

Learning Unit

A Slater hallmark! Jeff Slater organizes each chapter into small, bite-sized units. First you are introduced to new concepts and then you have the opportunity to test your understanding in the **Learning Unit Reviews**.

Margin Notes

These “coaching tips” appear in the side margins of each chapter to provide extra insights.



Learning Unit Reviews

A Slater hallmark! Unlike others texts which make you read 30+ pages before you have a chance to test your understanding, Jeff Slater organizes each chapter into small, bite-sized units. After you are introduced to new concepts in the **Learning Unit**, you have the opportunity to test your understanding in the **Learning Unit Reviews**.

Check your understanding by viewing the author's video in which he walks the viewer through the Learning Unit Reviews for the first five chapters.



New! Subway Boxes

This unique feature appears at the end of twelve chapters and shows you how this student-recognizable company uses accounting information to make business decisions. A new video (on the DVD) takes you inside Subway to review accounting concepts.



New! Accounting in the Reel World Video Cases

These in-text video cases are designed to show you how accounting is relevant to the things you care about: dating, shopping, sports, dining, etc. These are linked to our custom-crafted *On Location! Videos* on the DVD.

New DVD Icons

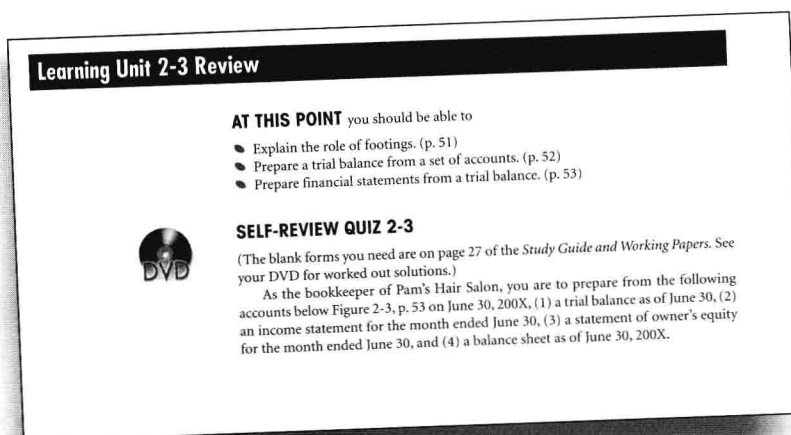
The icon signals to you that there are resources available to use with the *FREE DVD packaged only with New Student Texts*. These include:

Videos

- **New! Subway *On Location! Videos*** linked to the new Subway in-text boxes
- **New! *On Location! Videos!*** linked to the new in-text video cases
- **New! Jeff Slater Learning Unit Review Video** for Chapters 1–5
- **New! 5 Steps in Accounting Cycle Video**

Software

- General Ledger Software
- Data files for the latest releases of the Getting Started Series (Peachtree, QuickBooks, Simply Accounting)
- PowerPoints
- Links to the Slater Website and online courses



AT THIS POINT you should be able to

- Explain the role of footings. (p. 51)
- Prepare a trial balance from a set of accounts. (p. 52)
- Prepare financial statements from a trial balance. (p. 53)

SELF-REVIEW QUIZ 2-3

(The blank forms you need are on page 27 of the *Study Guide and Working Papers*. See your DVD for worked out solutions.)

As the bookkeeper of Pam's Hair Salon, you are to prepare from the following accounts below Figure 2-3, p. 53 on June 30, 200X, (1) a trial balance as of June 30, (2) an income statement for the month ended June 30, (3) a statement of owner's equity for the month ended June 30, and (4) a balance sheet as of June 30, 200X.

Continuing Problem

Throughout the book, you will read about Eldorado Computer Center. At the end of each chapter, you will apply concepts you have learned to solve a specific accounting problem. In the next chapter, you will see the next evolution in the organization.

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CHAPTER 4 ... THE ACCOUNTING CYCLE CONTINUED

Continuing Problem

Eldorado Computer Center

At the end of September, Tony took a complete inventory of his supplies and found the following:

- 5 dozen $\frac{1}{4}$ " screws at a cost of \$8.00 a dozen
- 2 dozen $\frac{1}{2}$ " screws at a cost of \$5.00 a dozen
- 2 cartons of computer inventory paper at a cost of \$14 a carton
- 3 feet of coaxial cable at a cost of \$4.00 per foot

After speaking to his accountant, he found that a reasonable depreciation amount for each of his long-term assets is as follows:

- Computer purchased July 5, 200X Depreciation \$33 a month
- Office equipment purchased Depreciation \$10 a month
- July 17, 200X
- Computer workstations purchased Depreciation \$20 a month
- Sept. 17, 200X

Tony uses the straight-line method of depreciation and declares no salvage value for any of the assets. If any long-term asset is purchased in the first 15 days of the month, he will charge depreciation for the full month. If an asset is purchased on the 16th of the month, or later, he will not charge depreciation in the month it was purchased. August and September's rent has now expired.

Assignment

Use your trial balance from the completed problem in Chapter 3 and the adjusting information given here to complete the worksheet for the three months ended September 30, 200X. From the worksheets prepare the financial statements. (See pp. 119–120 in your *Study Guide and Working Papers*.)

Chapter Review

SOLUTIONS & TIPS TO COMPREHENSIVE PROBLEM: PUTTING THE PIECES TOGETHER

(The blank forms you need are on pages 103 and 104 of the *Study Guide and Working Papers*.)

From the following trial balance and additional data complete (1) a worksheet and (2) the three financial statements (numbers are intentionally small so you may concentrate on the theory).

FROST COMPANY TRIAL BALANCE DECEMBER 31, 200X		Dr.	Cr.
Cash		14	
Accounts Receivable		4	
Prepaid Insurance		5	
Plumbing Supplies		3	
Plumbing Equipment		7	
Accumulated Depreciation, Plumbing Equipment			5
Accounts Payable			1
J. Frost, Capital			12
J. Frost, Withdrawals		3	
Plumbing Fees			27
Rent Expense		4	
Salaries Expense		5	
Totals		45	45

Adjustment Data

- a. Insurance Expired \$3
- b. Plumbing Supplies on Hand \$1
- c. Depreciation Expense, Plumbing Equipment \$1
- d. Salaries owed but not paid to employees \$2

Solution Tips to Building a Worksheet

1. Adjustments

Insurance Expense	Expense	↑	Dr.	\$3
Prepaid Insurance	Asset	↓	Cr.	\$3

Expired means used up.

b.

Plumbing Supplies Expense	Expense	↑	Dr.	\$2
Plumbing Supplies	Asset	↓	Cr.	\$2

\$3 - 1 = \$2 used up on hand

Comprehensive Problem

This problem helps you recall concepts from previous chapters as you pull upon all of your knowledge to solve these problems.

Key Terms/Blueprint

This feature is designed to highlight the key terms you should know for each chapter and the blueprint highlights important accounting processes you should know.

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CHAPTER 4 ... THE ACCOUNTING CYCLE CONTINUED

Adjusting The process of calculating the latest up-to-date balance of each account at the end of an accounting period.

Book value Cost of equipment less accumulated depreciation.

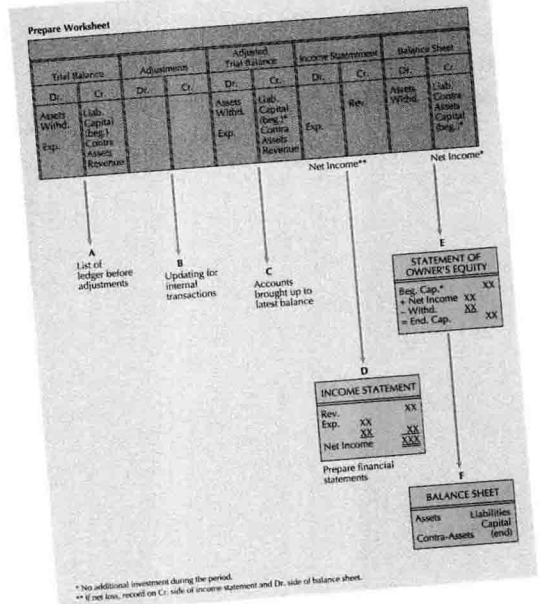
Depreciation The allocation (spreading) of the cost of an asset (such as an auto or equipment) over its expected useful life.

Historical cost The actual cost of an asset at time of purchase.

Residual value Estimated value of an asset after all the allowable depreciation has been taken.

Worksheet A columnar device used by accountants to aid them in completing the accounting cycle—often called a spreadsheet. It is not a formal report.

Blueprint of Steps 5 and 6 of the Accounting Cycle



Cash received for: Rent

2,300

As his best friend, could you help Harry show the amounts that are to be reported on the income statement for (a) Advertising Expense, (b) Interest Expense, and (c) Rent Fees Earned. Please explain in writing why Unearned Rent is considered a liability.

YOU make the call

Critical Thinking/Ethical Case

- 4R-3. Janet Fox, President of Angel Co., went to a tax seminar. One of the speakers at the seminar advised the audience to put off showing expenses until next year because doing so would allow them to take advantage of a new tax law. When Janet returned to the office, she called in her accountant, Frieda O'Riley. She told Frieda to forget about making any adjustments for salaries in the old year so more expenses could be shown in the new year. Frieda told her that putting off these expenses would not follow generally accepted accounting procedures. Janet said she should do it anyway. You make the call. Write your specific recommendations to Frieda.

Internet Exercises: Office Max

- EX-1. [www.officemax.com] On the Web site look for "General Information," then click on "Corporate Information." Under "Investor Information" look up Annual Reports and find the Consolidated Balance Sheet for 2001.
- Under the caption "other current assets," what accounts do you think could be there that required end-of-period adjustments?
 - If Office Max rented the property where its stores are located and paid the rent in advance for 24 months, how would adjustments have been made in its financial statements?
 - What effect would these adjustments have on (a) Total Assets, and (b) Net Income?
 - Look at "current liabilities" in the balance sheet. Which accounts there seem most susceptible to the adjustment process, and why did you choose these accounts?
- EX-2. [www.officemax.com] Click on "CEO Sworn Statement." Why do you think the CEO is required to report this information?

YOU make the call

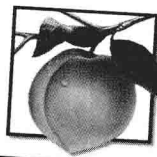
These action-oriented exercises encourage you to put yourself in the decision-marker's seat.

Internet Exercises

These exercises give you the opportunity to use the Internet to solve specific accounting problems.

Unique In-Text Computer Workshops

These Workshops enable the use of the latest release of Peachtree Complete Software in order to solve specific accounting problems. *Note that the full educational version of this software may be packaged with new copies of the text at a minimal charge.*



Peachtree[®] Computer Workshop

COMPUTERIZED ACCOUNTING APPLICATION FOR CHAPTER 4

PART A: Compound Journal Entries, Adjusting Entries, and Financial Reports

PART B: Backup Procedures

Before starting on this assignment, read and complete the tasks discussed in Parts A, B, and F of the Computerized Accounting appendix at the back of this book and complete the Computerized Accounting Application assignment at the end of Chapter 3.

PART A: COMPOUND JOURNAL ENTRIES, ADJUSTING ENTRIES, AND FINANCIAL REPORTS

How to Open the Company Data Files

How to Add Your Name to the Company Name

How to Record a Compound Journal Entry

1. Click on the Start button. Point to Programs; point to the Peachtree folder and select Peachtree Complete Accounting. Your desktop may have the Peachtree icon allowing for a quicker entrance into the program.
2. Follow the "Open a File" instructions in Part A of the Computerized Accounting appendix at the back of this book to open **The Zell Company**. You may be initially presented with the Peachtree Today window. If so, simply close it. If you are missing the navigation aids at the bottom of the screen and want them, you can activate them under the **Options** menu. Select **View Navigation Aid**. It will remain on until you turn it off. This feature offers an alternative way to access the different features of Peachtree.
3. Click on the **Maintain** menu option. Then select **Company Information**. The program will respond by bringing up a dialogue box allowing the user to edit/add information about the company.
4. Click in the **Company Name** entry field at the end of **The Zell Company**. If it is already highlighted, press the right arrow key. Add a dash and your name "**-Student Name**" to the end of the company name. Click on the OK button to return to the Menu Window.
5. In the computerized accounting application assignment in Chapter 3 you learned how to record journal entries in the General Journal dialog box. Compound journal entries can also be recorded in the General Journal dialog box. The owner of The Zell Company has made an investment in the business consisting of \$5,000 in cash and an automobile valued at \$12,000. Select **General Journal Entry** from the **Tasks** menu to open the General Journal dialog box. Enter the date 1/1/04 into the **Date** field; press the TAB key; enter "Memo" into the **Reference** field and press TAB.
6. With the flashing insertion point positioned in the **Account No.** field, click on the pull down menu (magnifying glass icon) and double click on "1110 Cash". The program will enter the account number and name into the **Account No.** field and the flashing insertion point will move to the **Description** field. Enter "Initial investment by owner" into this field and press TAB to move to the **Debit** field. Enter "5000" and press TAB three times to move back to the **Account No.** field.
7. With the flashing insertion point positioned in the **Account No.** field, click on the pull down menu (magnifying glass icon) and double click on "1230 Automobile". Press TAB to move to the **Description** field. This should repeat the information entered in step 6 by default. Press the TAB key again to move to the **Debit** field. Enter "12000". Hit TAB three times to move the cursor back to the **Account No.** field. You should now have two debit entries.