

The following is the Unadjusted Trial Balance for ABC Company as at December 31, 2002:

ACCOUNT #	ACCOUNT NAME	DEBIT	CREDIT
1020	Cash	2,850	
1300	Office Supplies	180	
1400	Prepaid Insurance	1,470	
1600	Office Equipment	3,400	
1601	Acc. Amort. – Office Equip.		2,300
1700	Building	174,500	
1701	Acc. Amort. – Building		28,750
1800	Land	48,000	
2050	Unearned Fees		1,300
2600	Long Term Note Payable		155,750
3100	John Doe, Capital		30,260
3200	John Doe, Withdrawals	12,000	
4100	Fees Earned		51,640
5100	Wages Expense	8,700	
5150	Interest Expense	13,470	
5400	Property Tax Expense	3,100	
5500	Utilities Expense	2,330	
		-----	-----
	Totals	270,000	270,000
		=====	=====

The following are the year-end adjustments:

1. Of the \$1,470 of Prepaid Insurance, \$490 had expired.
2. Office Supplies on hand at December 31 was \$50.
3. Amortization on the Office Equipment was \$600.
4. Amortization on the Building was \$8,100.
5. Of the \$1,300 of Unearned Fees, \$550 had been earned.
6. A customer was in arrears by \$150.
7. The employee was owed 4 days at \$50 per day.
8. Property taxes of \$1,040 had accrued.
9. Interest on the Note Payable of \$3,900 had accrued.

Required:

1. Write up the adjusting entries
2. Post the adjustments to the General Ledger cards
3. Create an Adjusted Trial Balance and Financial Statements. (There were no new Owner Investments during the year)

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<b>DATE</b>	<b>ACCOUNT</b>	<b>TYPE</b>	<b>PR</b>	<b>DEBIT</b>	<b>CREDIT</b>

**GENERAL LEDGER**

**Account Name: CASH**

**Account Number: 1020**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				2,850

**Account Name: ACCOUNTS RECEIVABLE**

**Account Number: 1200**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

**Account Name: OFFICE SUPPLIES**

**Account Number: 1300**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				180

**Account Name: PREPAID INSURANCE**

**Account Number: 1400**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				1,470

**Account Name: OFFICE EQUIPMENT**

**Account Number: 1600**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				3,400

**Account Name: ACC. AMORT. – OFFICE EQUIP.**

**Account Number: 1601**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				2,300

**Account Name: BUILDING**

**Account Number: 1700**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				174,500

**Account Name: ACC. AMORT. – BUILDING**

**Account Number: 1701**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				28,750

**Account Name: LAND****Account Number: 1800**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				48,000

**Account Name: INTEREST PAYABLE****Account Number: 2010**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

**Account Name: WAGES PAYABLE****Account Number: 2020**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

**Account Name: PROPERTY TAX PAYABLE****Account Number: 2030**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

**Account Name: UNEARNED FEES****Account Number: 2050**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				1,300

**Account Name: LONG TERM NOTE PAYABLE****Account Number: 2600**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				155,750

**Account Name: JOHN DOE, CAPITAL****Account Number: 3100**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				30,260

**Account Name: JOHN DOE, WITHDRAWALS****Account Number: 3200**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				12,000

**Account Name: FEES EARNED****Account Number: 4100**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				51,640

**Account Name: AMORTIZATION – OFF. EQUIP. Account Number: 5010**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

**Account Name: AMORTIZATION – BUILDING Account Number: 5020**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

**Account Name: WAGES EXPENSE Account Number: 5100**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				8,700

**Account Name: INTEREST EXPENSE Account Number: 5150**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				13,470

**Account Name: INSURANCE EXPENSE Account Number: 5200**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

**Account Name: OFFICE SUPPLIES EXPENSE Account Number: 5300**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

**Account Name: PROPERTY TAX EXPENSE Account Number: 5400**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				3,100

**Account Name: UTILITIES EXPENSE Account Number: 5500**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				2,330

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ADJUSTED TRIAL BALANCE

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ACCOUNT #	ACCOUNT NAME	DEBIT	CREDIT
		-----	-----
		=====	=====

INCOME STATEMENT

Revenue:		
Fees Earned		
Expenses:		
Amortization– Office Equipment		
Amortization– Building		
Wages		
Interest		
Insurance		
Office Supplies		
Property Tax		
Utilities		
	-----	
Total Expenses		
		-----
Net Income (Loss)		
		=====

STATEMENT OF CHANGE IN OWNER’S EQUITY

John Doe, Capital January 1		
Plus: Investments by Owner		
Net Income		
	-----	-----
Less: Withdrawals by Owner		
Net Loss		
	-----	-----
John Doe, Capital December 31		
		=====

BALANCE SHEET

ASSETS:		
Cash		
Accounts Receivable		
Office Supplies		
Prepaid Insurance		
Office Equipment		
Less: Accumulated Amortization		
	-----	
Building		
Less: Accumulated Amortization		
	-----	
Land		
		-----
TOTAL ASSETS		=====
LIABILITIES:		
Interest Payable		
Wages Payable		
Property Tax Payable		
Unearned Fees		
Long Term Note Payable		
		-----
TOTAL LIABILITIES		-----
EQUITY:		
John Doe, Capital		
		-----
TOTAL LIABILITIES AND EQUITY		=====



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DATE	ACCOUNT	TYPE	PR	DEBIT	CREDIT
Dec 31	Insurance Expense	EX	5200	490	
	Prepaid Insurance	A	1400		490
	Record expired insurance				
Dec 31	Office Supplies Expense	EX	5300	130	
	Office Supplies	A	1300		130
	Adjust supplies to actual				
Dec 31	Amortization – Office Equipment	EX	5010	600	
	Acc. Amort. – Office Equipment	A	1601		600
	Record amortization expense				
Dec 31	Amortization – Building	EX	5020	8,100	
	Acc. Amort. – Building	A	1701		8,100
	Record amortization expense				
Dec 31	Unearned Fees	L	2050	550	
	Fees Earned	R	4100		550
	Record fees earned				
Dec 31	Accounts Receivable	A	1200	150	
	Fees Earned	R	4100		150
	Record fees earned				
Dec 31	Wages Expense	EX	5100	200	
	Wages Payable	L	2020		200
	Record wages owed employee				
Dec 31	Property Tax Expense	EX	5400	1,040	
	Property Tax Payable	L	2030		1,040
	Record property tax owed				
Dec 31	Interest Expense	EX	5150	3,900	
	Interest Payable	L	2010		3,900
	Record interest owed				

## GENERAL LEDGER

Account Name: CASH

Account Number: 1020

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				2,850

Account Name: ACCOUNTS RECEIVABLE

Account Number: 1200

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		G1	150		150

Account Name: OFFICE SUPPLIES

Account Number: 1300

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				180
Dec 31		G1		130	50

Account Name: PREPAID INSURANCE

Account Number: 1400

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				1,470
Dec 31		G1		490	980

Account Name: OFFICE EQUIPMENT

Account Number: 1600

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				3,400

Account Name: ACC. AMORT. – OFFICE EQUIP.

Account Number: 1601

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				2,300
Dec 31		G1		600	2,900

Account Name: BUILDING

Account Number: 1700

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				174,500

Account Name: ACC. AMORT. – BUILDING

Account Number: 1701

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				28,750
Dec 31		G1		8,100	36,850

**Account Name: LAND****Account Number: 1800**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				48,000

**Account Name: INTEREST PAYABLE****Account Number: 2010**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		G1		3,900	3,900

**Account Name: WAGES PAYABLE****Account Number: 2020**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		G1		200	200

**Account Name: PROPERTY TAX PAYABLE****Account Number: 2030**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		G1		1,040	1,040

**Account Name: UNEARNED FEES****Account Number: 2050**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				1,300
Dec 31		G1	550		750

**Account Name: LONG TERM NOTE PAYABLE****Account Number: 2600**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				155,750

**Account Name: JOHN DOE, CAPITAL****Account Number: 3100**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				30,260

**Account Name: JOHN DOE, WITHDRAWALS****Account Number: 3200**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				12,000

**Account Name: FEES EARNED****Account Number: 4100**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				51,640
Dec 31		G1		550	52,190
Dec 31		G1		150	52,340

**Account Name: AMORTIZATION – OFF. EQUIP.** **Account Number: 5010**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		G1	600		600

**Account Name: AMORTIZATION – BUILDING** **Account Number: 5020**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		G1	8,100		8,100

**Account Name: WAGES EXPENSE** **Account Number: 5100**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				8,700
Dec 31		G1	200		8,900

**Account Name: INTEREST EXPENSE** **Account Number: 5150**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				13,470
Dec 31		G1	3,900		17,370

**Account Name: INSURANCE EXPENSE** **Account Number: 5200**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		G1	490		490

**Account Name: OFFICE SUPPLIES EXPENSE** **Account Number: 5300**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		G1	130		130

**Account Name: PROPERTY TAX EXPENSE** **Account Number: 5400**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				3,100
Dec 31		G1	1,040		4,140

**Account Name: UTILITIES EXPENSE** **Account Number: 5500**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31	Balance				2,330

**ABC COMPANY**  
**ADJUSTED TRIAL BALANCE**  
**DECEMBER 31, 2002**

<b>ACCOUNT #</b>	<b>ACCOUNT NAME</b>	<b>DEBIT</b>	<b>CREDIT</b>
1020	Cash	2,850	
1200	Accounts Receivable	150	
1300	Office Supplies	50	
1400	Prepaid Insurance	980	
1600	Office Equipment	3,400	
1601	Acc. Amort. – Office Equip.		2,900
1700	Building	174,500	
1701	Acc. Amort. – Building		36,850
1800	Land	48,000	
2010	Interest Payable		3,900
2020	Wages Payable		200
2030	Property Tax Payable		1,040
2050	Unearned Fees		750
2600	Long Term Note Payable		155,750
3100	John Doe, Capital		30,260
3200	John Doe, Withdrawals	12,000	
4100	Fees Earned		52,340
5010	Amortization – Office Equip.	600	
5020	Amortization – Building	8,100	
5100	Wages Expense	8,900	
5150	Interest Expense	17,370	
5200	Insurance Expense	490	
5300	Office Supplies Expense	130	
5400	Property Tax Expense	4,140	
5500	Utilities Expense	2,330	
		-----	-----
	Totals	283,990	283,990
		=====	=====

**ABC COMPANY**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

Revenue:		
Fees Earned		\$ 52,340
Expenses:		
Amortization– Office Equipment	\$ 600	
Amortization– Building	8,100	
Wages	8,900	
Interest	17,370	
Insurance	490	
Office Supplies	130	
Property Tax	4,140	
Utilities	2,330	
	-----	
Total Expenses		42,060
		-----
Net Income		\$ 10,280
		=====

**ABC COMPANY**  
**STATEMENT OF CHANGE IN OWNER'S EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

John Doe, Capital January 1		\$ 30,260
Plus: Investments by Owner	\$ 0	
Net Income	10,280	10,280
	-----	-----
		\$ 40,540
Less: Withdrawals by Owner	\$ 12,000	
Net Loss	0	12,000
	-----	-----
John Doe, Capital December 31		\$ 28,540
		=====

**ABC COMPANY**  
**BALANCE SHEET**  
**DECEMBER 31, 2002**

ASSETS:		
Cash		\$ 2,850
Accounts Receivable		150
Office Supplies		50
Prepaid Insurance		980
Office Equipment	\$ 3,400	
Less: Accumulated Amortization	2,900	500
	-----	
Building	\$ 174,500	
Less: Accumulated Amortization	36,850	137,650
	-----	
Land		48,000
		-----
<b>TOTAL ASSETS</b>		<b>\$ 190,180</b>
		=====
LIABILITIES:		
Interest Payable		\$ 3,900
Wages Payable		200
Property Tax Payable		1,040
Unearned Fees		750
Long Term Note Payable		155,750
		-----
<b>TOTAL LIABILITIES</b>		<b>\$ 161,640</b>
EQUITY:		
John Doe, Capital		28,540
		-----
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 190,180</b>
		=====