

Problem 14

The following is the December 31, 20X3, trial balance for Norm's Diner.

Norm's Diner Trial Balance December 31, 20X3		
Cash	\$ 6,750	
Accounts Receivable	1,400	
Food and Beverage Inventory	3,400	
Office Supplies	900	
Prepaid Rent	800	
Furniture	26,000	
Accumulated Depreciation, Furniture		\$ 3,000
Equipment	60,000	
Accumulated Depreciation, Equipment		8,000
Accounts Payable		4,300
Unearned Revenue		300
Notes Payable		32,700
Norm Kamp, Capital		48,500
Food and Beverage Revenue		87,000
Cost of Food and Beverage Sold	35,880	
Wages and Benefits	29,000	
Rent Expense	8,800	
Office Supplies Expense	1,000	
Repairs and Maintenance	7,000	
Interest Expense	1,500	
Advertising Expense	1,370	
	\$183,800	\$183,800

Required:

Using the information in the trial balance, make the journal entries for the following transactions. You will need to use these additional accounts: Accrued Wages, Interest Payable, and Depreciation Expense.

1. Food and Beverage inventory was taken on December 31 after closing. The physical inventory was \$2,650. (Hint: use Cost of Food and Beverage Sold as the expense account.)
2. A physical inventory of office supplies shows \$810.
3. The furniture was bought last year. At that time, it had a useful life of six years and a salvage value of \$8,000. Determine this year's depreciation using the straight-line depreciation method.
4. The equipment was bought two years ago. At that time, it had a useful life of 12 years and a salvage value of \$12,000. Determine this year's depreciation using the straight-line depreciation method.

5. Norm paid his entire rent for the year on January 1. He has used the expense for 11 months in equal amounts. Determine the rent expense for December.
6. The last payday of the year falls on December 24. Determine the accrued wages for the staff. Average daily wages are \$150.
7. Norm has a note payable with the Wooden Nickel Savings and Loan for part of his equipment. The payment is made every six months and is due on January 1 and July 1. The annual interest rate is 8.5 percent. Determine the amount of interest payable to WNSL (round to the nearest dollar).
8. Norm hires an independent firm to tend to the repairs and maintenance. However, the bill for December has not yet arrived. Norm's accountant expects repairs and maintenance to be about 6 percent higher than November due to the extensive holiday decorations Norm likes. November's expense was \$600.
9. Norm catered a dinner on New Year's Eve for which he had received an advance deposit of \$300. The dinner was paid for at the end of the night for a total of \$525. The \$225 in cash received has already been recorded as cash receipts. Record the advance deposit as earned revenue.

Problem 15

The following is the trial balance for the Mason Motel as of December 31, 20X2.

Mason Motel		
Trial Balance		
December 31, 20X2		
Cash	\$ 5,650	
Marketable Debt Securities	10,000	
Accounts Receivable	8,000	
Cleaning Supplies	2,500	
Prepaid Insurance	4,500	
Interest Receivable	300	
Furniture	40,000	
Accumulated Depreciation, Furniture		\$ 20,000
Equipment	10,000	
Accumulated Depreciation, Equipment		5,000
Building	300,000	
Accumulated Depreciation, Building		100,000
Land	20,000	
Accounts Payable		5,000
Unearned Revenue		650
Notes Payable		5,000
Mortgage Payable		54,000
Melvin Mason, Capital		103,000
Room Revenue		146,800
Manager's Salary	15,000	
Housekeeper's Wages	15,000	

Cleaning Supplies Expense	2,000	
Office Supplies Expense	1,000	
Utilities Expense	5,000	
Advertising Expense	500	
	\$439,450	\$439,450

Required:

Using the information in the trial balance, make the journal entries for the following transactions. You will need to use these additional accounts: Accrued Wages, Insurance Expense, Interest Income, and Depreciation Expense.

1. Mason Motel bought a three-year insurance policy on July 1, 20X2, for the period of July 1, 20X2, through June 30, 20X5. Determine the insurance expense for 20X2.
2. A physical inventory shows \$1,000 of cleaning supplies. Determine cleaning supplies expense for the year.
3. The furniture was bought two years ago. At that time, it had a useful life of four years and no salvage value. Determine this year's depreciation using the straight-line method.
4. The equipment was bought five years ago, and, at that time, had a useful life of ten years and no salvage value. Determine this year's depreciation using the straight-line method.
5. The building was bought five years ago, and the estimated useful life was 10 years. The salvage value is expected to be \$100,000. Determine this year's depreciation using the straight-line method.
6. The last payday of the year falls on December 27. Determine the accrued wages for the housekeeper. There is one housekeeper on the staff who works eight hours a day. The housekeeper's hourly wage is \$6.25.
7. Mason has owned the marketable debt securities since October 1, 20X2. The annual interest rate is 7 percent. Determine the amount of interest receivable on this investment.
8. Mason's utilities bill has not yet arrived. Mason's accountant estimates the utilities expense to be \$500.
9. Mason owes \$240 to an advertising firm. However, the advertising firm has not sent the bill yet.
10. Mason had guests whose rooms were paid for with an advance deposit of \$650. The guests are now gone, and the entire deposit was earned.
11. Mason has guests who are staying at the hotel and will not leave until after December 31. They have three rooms, each costing \$20. The guests have been at Mason's since December 27. Mason has not yet billed these guests. Calculate the amount of unbilled revenue to December 31.