



## Question 1 (8 points)

New Slang Pest Control has the following balances in selected accounts on December 31, 2016, before adjusting entries are done:

> 6,650 Equipment 3,000 Prepaid Insurance 3,940 - 258 Supplies

All of the accounts have normal balances. The information below has been gathered at December 31, 2016.

1. Depreciation on the equipment for 2016 is \$1,600.

2. New Slang Pest Control paid \$3,000 for 12 months of insurance coverage on September

1, 2016.

30 00 x 4

30 will be billed \$1,200.

4. A count of supplies on December 31, 2016, indicates that supplies of \$750 are on hand.

Prepare the adjusting entries for the five items listed for New Slang Pest Control. The company has an annual accounting period, and closes its accounts on 31 December of every year.

#	Account	Debit	Credit
1.	Dépreciation expense	1600	
	A commuted Deplecianon		1600
<u>2.</u>	Insurance expense	1000	
	Prepaid Insurance		1000
<u>3.</u>	Account Recivable	1200	
_/	Service Revenue		1200
4.	Supply expense	3198	
0	Su PPly	1	3190
1			

Question 2 (3 points): Fill in the blank

1. The Time Perior assumption divides the economic life of a business into artificial time periods.

An accounting period that is one year in length is referred to as a Fi SCa !

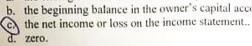


5. Failure to adjust a prepaid expense account for the to be understated and to be under	p be overstated.
6. When a company has a loss, the closing entry to close the inco	me summary account will de
and credit Zincorp 3 w min a r g	
Question 3 (5 points) Indicate in which statement the following accounts will appear, by	almost at the contract
statement;	choosing the correct letter to
Account Letter Income statement A	
Statement of Owner's equity B	
Balance sheet C	
# Account	Statement
1 Unearned service revenue	C
2 Land	C
3 Supplies expense	A
4 Owner's drawing	В
5 Accumulated depreciation	
6 Notes payable	C
7 Salaries expense	C
8 Rent revenue	A
9 Prepaid Rent	A
10 Copyright	C



## Question 4 (6 points): Multiple Choice:

- 1. The balance in the income summary account before it is closed will be equal to
  - a. the ending balance in the owner's capital account.
  - b. the beginning balance in the owner's capital account.



- 2. The closing entry process consists of closing
  - a. all asset and liability accounts.
  - b. out the owner's capital account.
  - all temporary accounts.
  - d. all permanent accounts.
- 3. An adjusted trial balance
  - a. is prepared after the financial statements are completed.
  - b proves the equality of the total debit balances and total credit balances of ledger accounts after all adjustments have been made.
  - c. is a required financial statement under generally accepted accounting principles.
  - d. cannot be used to prepare financial statements.
- 4. SWC Bus Charter signed a four-month note payable in the amount of \$30,000 on September 1. The note requires interest at an annual rate of 5%. The amount of interest to be accrued at 30 000 × 5 × 4 = 500 the end of September is

Good luck

(a) \$125.

b. \$200.

c. \$1,500.

d. \$500.