

This assignment is worth a total of 75 points distributed evenly among the four problems. It will be graded based upon both the accuracy of your solutions (2/3) and effort (1/3). Points for effort will be impacted by poor formatting, poor organization, clear lack of effort, and careless errors. Any simple arithmetic errors, unbalanced journal entries, or unbalanced schedules will result in zero effort points for that problem. Show your work and double check your math and entries!

PROBLEM 3-5

Grading: This problem is worth a total of 37.5 points. There are 18 grading elements each worth $37.5 \times 2/3 / 18 = 1.3889$ points. There are $37.5 \times 1/3 = 12.5$ points available for effort.

(a)	-1-			
		Depreciation Expense.....	9,500	
		Accumulated Depreciation—Equipment.....		9,500
		(1/16 X \$152,000)		
	-2-			
		Interest Expense.....	1,800	
		Interest Payable.....		1,800*
		(\$90,000 X 10% X 72/360)		
	-3-			
		Admissions Revenue.....	50,000	
		Unearned Admissions Revenue.....		50,000
		(2,000 X \$25)		
	-4-			
		Prepaid Advertising.....	1,100	
		Advertising Expense.....		1,100
	-5-			
		Salaries Expense.....	4,700	
		Salaries Payable.....		4,700

- (b) (1) Interest expense, \$3,200 ($\$1,400 + \$1,800$).
- (2) Admissions revenue, \$330,000 ($\$380,000 - \$50,000$).
- (3) Advertising expense, \$12,580 ($\$13,680 - \$1,100$).
- (4) Salaries expense, \$62,300 ($\$57,600 + \$4,700$).

*If 30 day months are assumed,

interest expense = \$1,750 ($\$90,000 \times 10\% \times 70/360$).

***PROBLEM 3-9**

Grading: This problem is worth a total of 37.5 points. There are 72 grading elements each worth $37.5 \times 2/3 / 72 = 0.3472$ points. There are $37.5 \times 1/3 = 12.5$ points available for effort.

(a), (b), (c)

Cash	Accounts Receivable	Allow. for Doubtful Accts.
Bal. 18,500	Bal. 42,000	Bal. 700
		Adj. 1,400
Inventory	Furniture & Equipment	Accum. Depr. of F. & E.
Bal. 80,000	Bal. 84,000	Bal. 35,000
		Adj. 14,000
Prepaid Insurance	Notes Payable	Admin. Salaries Expense
Bal. 5,100 Adj. 2,550	Bal. 28,000	Bal. 65,000 Cls. 65,000
Common Stock	Sales	Insurance Expense
Bal. 80,600	Cls. 600,000 Bal. 600,000	Adj. 2,550 Cls. 2,550
Sales Salaries Expense	Advertising Expense	Interest Expense
Bal. 50,000 Cls. 52,400	Bal. 6,700 Adj. 700	Adj. 3,360 Close 3,360
Adj. 2,400	— Close 6,000	
<u>52,400</u>	<u>6,700</u>	
<u>52,400</u>	<u>6,700</u>	
Bad Debt Expense	Office Expense	Prepaid Advertising Expense
Adj. 1,400 Cls. 1,400	Bal. 5,000 Adj. 1,500	Adj. 700
	— Close 3,500	
	<u>5,000</u>	
	<u>5,000</u>	
Interest Payable	Depr. Exp.—Furn. & Equip.	Income Summary
Adj. 3,360	Adj. 14,000 Cls. 14,000	Exp. 546,210 Sales 600,000
		Inc. 53,790
		<u>600,000</u>
		<u>600,000</u>