Completing the Accounting Cycle



Instructions

Three years ago, B. Sting organized Yellow Jacket Realty. The trial balance for Yellow Jacket Realty at December 31, 2018, the end of the current fiscal year, is shown to the right.

- **1.** Enter the trial balance data on part I of the work sheet. Determine the adjusting entries from the information below and calculate the adjusted trial balance.
 - a. Supplies used during the year are \$1,300.
 - b. Insurance premiums used during the year are \$640.
 - c. Depreciation of equipment during the year is \$9,600.
 - d. Wages accrued but not paid at December 31, 2018, are \$670.
 - e. Record fees earned but not yet received at December 31, 2018 of \$2,000.
 - f. Record cash received for unearned fees on December 31, 2018 of \$1,500.
- **2.** Complete the worksheet by (a) carrying over your adjusted trial balance from part I of the worksheet and (b) filling in the appropriate financial statement columns.
- **3.** Prepare an income statement.
- **4.** Prepare a statement of owner's equity (assume no additional investments were made during the year).
- **5.** Prepare a balance sheet.
- **6.** On the basis of the data in the worksheet, journalize the closing entries.

Yellow Jacket Realty Trial Balance December 31, 2018														
Cash	6	3	5	0	00									
Accounts Receivable	13	5	0	0	00									
Supplies	2	0	4	0	00									
Prepaid Insurance	1	2	4	0	00									
Office Equipment	102	3	0	0	00									
Accumulated Depreciation						18	4	0	0	00				
Accounts Payable						1	8	5	0	00				
Wages Payable									0	00				
Unearned Fees						2	5	0	0	00				
B. Sting, Capital						57	0	0	0	00				
B. Sting, Drawing	9	9	0	0	00									
Fees Earned						115	2	5	0	00				
Depreciation Expense				0	00									
Insurance Expense				0	00									
Rent Expense	7	9	0	0	00									
Supplies Expense				0	00									
Utilities Expense	4	9	3	0	00									
Wages Expense	44	3	3	0	00									
Miscellaneous Expense	2	5	1	0	00									
TOTAL	195	0	0	0	00	195	0	0	0	00				

Completing the Accounting Cycle



1. Work Sheet: Part I

Prepare a work sheet for Yellow Jacket Realty for the year ended December 31, 2018

Yellow Jacket Realty Work Sheet: Part I For the Year Ended December 31, 2018

2018.	П	TRIAL BALA					ALANCE				ADJUSTMENTS Debit Credit					ADJUSTED TRIAL BALANCE						E		
		Debit Credit				Debit										Cre	edit							
Cash																								
Accounts Receivable																								
Supplies																								
Prepaid Insurance																								
Office Equipment																								
Accumulated Depreciation																								
Accounts Payable																								
Wages Payable																								
Unearned Fees																								
B. Sting, Capital																								
B. Sting, Drawing																								
Fees Earned																								
Depreciation Expense																								
Insurance Expense																								
Rent Expense																								
Supplies Expense																								
Utilities Expense																								
Wages Expense																								
Miscellaneous Expense																								
TOTAL																								

Completing the Accounting Cycle



2. Work Sheet: Part II

Carry over your adjusted trial balance from Part I above and complete the work sheet.

Yellow Jacket Realty Work Sheet: Part II For the Year Ended December 31, 2018

	ADJUSTED TRIAL BALANCE							INCOME STATEMENT						BALANCE SHEET									
	Debit				Credit		Debit		Credit			Debit				Credit							
Cash																							
Accounts Receivable																							
Supplies																							
Prepaid Insurance																							
Office Equipment																							
Accumulated Depreciation																							
Accounts Payable																							
Wages Payable																							
Unearned Fees																							
B. Sting, Capital																							
B. Sting, Drawing																							
Fees Earned																							
Depreciation Expense																							
Insurance Expense																							
Rent Expense																							
Supplies Expense																							
Utilities Expense																							
Wages Expense																							
Miscellaneous Expense																							
TOTAL																							

Yellow Jacket Realty
Completing the Accounting Cycle



	7			/ ~
3. Income Statement Prepare an income statement for Yellow Jacket Realty for the year ended December 31, 2018. Remember to include a title.		-		
USE THE NET INCOME AMOUNT THAT YOU CALCULATE HERE ON THE STATEMENT OF OWNER'S EQUITY ON THE NEXT PAGE.				

Yellow Jacket Realty Completing the Accounting Cycle

4. Statement of Owner's Equity Prepare a statement of owner's equity for Yellow Jacket Realty for the year ended December 31, 2018. Remember to include a title.		-		
ASSUME THERE WERE <u>NO</u> ADDITIONAL INVESTMENTS MADE DURING THE YEAR.				
USE THE ENDING OWNER'S EQUITY AMOUNT THAT YOU CALCULATE HERE ON THE BALANCE SHEET ON THE NEXT PAGE.				
Note that your ending capital amount for "B. Sting, Capital, December 31, 2018", does NOT equal the amount from your ledger, since we are adding net				
income and subtracting withdrawals from it. This ending capital amount will be carried over to the balance sheet.				

Yellow Jacket Realty
Completing the Accounting Cycle



5. <u>Balance Sheet</u> Prepare a balance sheet for Yellow Jacket Realty at December 31, 2018. Remember to include a title.	

Completing the Accounting Cycle



6. <u>Journalize Closing Entries</u>

Based on the information in the work sheet you prepared, enter the CLOSING journal entries.

Dates for closing entries are December 31.

You do not need to include post references for this problem.

Journal	Page 6
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Post.

	Date		Description	Ref.	Debit							
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CLOSING PROCESS

- A. Fees Earned transferred to Income Summary.
- B. Expenses transferred to Income Summary.
- C. Income Summary (net income) transferred to Capital.
- D. Drawing transferred to Capital.