

1.

Award: 75.00 points

### Serial Problem Business Solutions LO P1, P2, P3

After the success of the company's first two months, Santana Rey continues to operate Business Solutions. The November 30, 2017, unadjusted trial balance of Business Solutions (reflecting its transactions for October and November of 2017) follows.

No.	Account Title	Debit	Credit
101	Cash	\$ 39,164	
106	Accounts receivable	13,518	
126	Computer supplies	2,645	
128	Prepaid insurance	1,980	
131	Prepaid rent	2,980	
163	Office equipment	8,100	
164	Accumulated depreciation—Office equipment		\$ 0
167	Computer equipment	22,800	
168	Accumulated depreciation—Computer equipment		0
201	Accounts payable		0
210	Wages payable		0
236	Unearned computer services revenue		0
301	S. Rey, Capital		66,000
302	S. Rey, Withdrawals	6,000	
403	Computer services revenue		36,744
612	Depreciation expense—Office equipment	0	
613	Depreciation expense—Computer equipment	0	
623	Wages expense	2,150	
637	Insurance expense	0	
640	Rent expense	0	
652	Computer supplies expense	0	
655	Advertising expense	1,728	
676	Mileage expense	684	
677	Miscellaneous expenses	200	
684	Repairs expense—Computer	795	
	Totals	\$ 102,744	\$ 102,744

Business Solutions had the following transactions and events in December 2017.

- Dec. 2 Paid \$1,000 cash to Hillside Mall for Business Solutions' share of mall advertising costs.  
 3 Paid \$420 cash for minor repairs to the company's computer.  
 4 Received \$4,950 cash from Alex's Engineering Co. for the receivable from November.  
 10 Paid cash to Lyn Addie for six days of work at the rate of \$105 per day.  
 14 Notified by Alex's Engineering Co. that Business Solutions' bid of \$8,000 on a proposed project has been accepted. Alex's paid a \$1,600 cash advance to Business Solutions.  
 15 Purchased \$1,300 of computer supplies on credit from Harris Office Products.  
 16 Sent a reminder to Gomez Co. to pay the fee for services recorded on November 8.  
 20 Completed a project for Liu Corporation and received \$6,075 cash.  
 22– Took the week off for the holidays.  
 26  
 28 Received \$3,800 cash from Gomez Co. on its receivable.  
 29 Reimbursed S. Rey for business automobile mileage (500 miles at \$0.27 per mile).  
 31 S. Rey withdrew \$1,200 cash from the company for personal use.

The following additional facts are collected for use in making adjusting entries prior to preparing financial statements for the company's first three months:

- The December 31 inventory count of computer supplies shows \$590 still available.
- Three months have expired since the 12-month insurance premium was paid in advance.
- As of December 31, Lyn Addie has not been paid for four days of work at \$105 per day.
- The computer system, acquired on October 1, is expected to have a four-year life with no salvage value.
- The office equipment, acquired on October 1, is expected to have a five-year life with no salvage value.
- Three of the four months' prepaid rent has expired.

#### Required:

- Prepare journal entries to record each of the December transactions and events for Business Solutions.
- a. Prepare adjusting entries to reflect a through f.  
 b. Post the journal entries to record each of the December transactions, adjusting entries to the accounts in the ledger.
- Prepare an adjusted trial balance as of December 31, 2017.

4. Prepare an income statement for the three months ended December 31, 2017.
5. Prepare a statement of owner's equity for the three months ended December 31, 2017.
6. Prepare a balance sheet as of December 31, 2017.

Complete this question by entering your answers in the tabs below.

Req 1	Req 2A	Req 2B	Req 3	Req 4	Req 5	Req 6
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Prepare journal entries to record each of the December transactions and events for Business Solutions. (If no entry is required for a transaction/event, select "No journal entry required" in the first account field.)

[view transaction list](#)

[view general journal](#)

### Journal Entry Worksheet

1 2 3 4 5 6 7 8 9 10 11

Paid \$1,000 cash to Hillside Mall for Business Solutions' share of mall advertising costs.

Date	General Journal	Debit	Credit
Dec 02			

\*Enter debits before credits

[done](#)

[clear entry](#)

[record entry](#)

[previous](#)

[next](#)

#### References

**Worksheet**

Difficulty: 3 Hard

Learning Objective: 03-P2 Explain and prepare an adjusted trial balance.

**Serial Problem  
Business Solutions  
LO P1, P2, P3**

Learning Objective: 03-P1  
Prepare and explain  
adjusting entries.

Learning Objective: 03-P3 Prepare financial statements from an adjusted trial balance.