

Chapter 3 Homework

[instructions](#) | [help](#)

[The following information applies to the questions displayed below.]

Wells Technical Institute (WTI), a school owned by Tristana Wells, provides training to individuals who pay tuition directly to the school. WTI also offers training to groups in off-site locations. Its unadjusted trial balance as of December 31, 2013, follows. WTI initially records prepaid expenses and unearned revenues in balance sheet accounts. Descriptions of items *a* through *h* that require adjusting entries on December 31, 2013, follow.

Additional Information Items

- a. An analysis of WTI's insurance policies shows that \$2,400 of coverage has expired.
- b. An inventory count shows that teaching supplies costing \$2,800 are available at year-end 2013.
- c. Annual depreciation on the equipment is \$13,200.
- d. Annual depreciation on the professional library is \$7,200.
- e. On November 1, WTI agreed to do a special six-month course (starting immediately) for a client. The contract calls for a monthly fee of \$2,500, and the client paid the first five months' fees in advance. When the cash was received, the Unearned Training Fees account was credited. The fee for the sixth month will be recorded when it is collected in 2014.
- f. On October 15, WTI agreed to teach a four-month class (beginning immediately) for an individual for \$3,000 tuition per month payable at the end of the class. The class started on October 15, but no payment has yet been received. (WTI's accruals are applied to the nearest half-month; for example, October recognizes one-half month accrual.)
- g. WTI's two employees are paid weekly. As of the end of the year, two days' salaries have accrued at the rate of \$100 per day for each employee.
- h. The balance in the Prepaid Rent account represents rent for December.

WELLS TECHNICAL INSTITUTE Unadjusted Trial Balance December 31, 2013		
	Debit	Credit
Cash	\$ 34,000	
Accounts receivable	0	
Teaching supplies	8,000	
Prepaid insurance	12,000	
Prepaid rent	3,000	
Professional library	35,000	
Accumulated depreciation—Professional library		\$ 10,000
Equipment	80,000	
Accumulated depreciation—Equipment		15,000
Accounts payable		26,000
Salaries payable		0
Unearned training fees		12,500
Common stock		10,000
Retained earnings		80,000
Dividends	50,000	
Tuition fees earned		123,900
Training fees earned		40,000
Depreciation expense—Professional library	0	
Depreciation expense—Equipment	0	
Salaries expense	50,000	
Insurance expense	0	
Rent expense	33,000	
Teaching supplies expense	0	
Advertising expense	6,000	
Utilities expense	6,400	
Totals	\$317,400	\$ 317,400

2. value: 20.00 points

1. Post the balance from the unadjusted trial balance and the adjusting entries to the T-accounts.

Cash			
Unadj. Bal.			
Adj. Bal.			

Equipment			
Unadj. Bal.			
Adj. Bal.			

Accounts Receivable			
Unadj. Bal.			
Adj. Bal.			

Accumulated Depreciation—Equipment			
Unadj. Bal.			
Adj. Bal.			

Teaching Supplies			
Unadj. Bal.			
Adj. Bal.			

Accounts Payable			
Unadj. Bal.			
Adj. Bal.			

Prepaid Insurance			
Unadj. Bal.			
Adj. Bal.			

Salaries Payable			
Unadj. Bal.			
Adj. Bal.			

Prepaid Rent			
Unadj. Bal.			
Adj. Bal.			

Unearned Training Fees			
Unadj. Bal.			
Adj. Bal.			

Professional Library			
Unadj. Bal.			
Adj. Bal.			

Common Stock			
Unadj. Bal.			
Adj. Bal.			

Accumulated Depreciation—Professional Library			
Unadj. Bal.			
Adj. Bal.			

Dividends			
Unadj. Bal.			
Adj. Bal.			

Tuition Fees Earned			
Unadj. Bal.			
Adj. Bal.			

Insurance Expense			
Unadj. Bal.			
Adj. Bal.			

Training Fees Earned			
Unadj. Bal.			
Adj. Bal.			

Rent Expense			
Unadj. Bal.			
Adj. Bal.			

Depreciation Expense—Professional Library			
Unadj. Bal.			
Adj. Bal.			

Teaching Supplies Expense			
Unadj. Bal.			
Adj. Bal.			

Depreciation Expense—Equipment			
Unadj. Bal.			

Advertising Expense			
Unadj. Bal.			

Adj. Bal.			

Adj. Bal.			

Salaries Expense			
Unadj. Bal.			
Adj. Bal.			

Utilities Expense			
Unadj. Bal.			
Adj. Bal.			

Retained Earnings			
Unadj. Bal.			
Adj. Bal.			

- Prepare the necessary adjusting journal entries for items a through h.

[view transaction list](#)

[view general journal](#)

Journal Entry Worksheet

1 2 3 4 5 6 7 8

Record the adjusting entry related to insurance.

Date	General Journal	Debit	Credit
Dec 31			

*Enter debits before credits

[done](#)

[clear transaction](#)

[record transaction](#)

[check my work](#)

[references](#)

[ebook & resources](#)

3. value:
20.00 points

Required:

3. Prepare the adjusted trial balance.

WELLS TECHNICAL INSTITUTE		
Adjusted Trial Balance		
December 31, 2013		
	Debit	Credit
Cash		
Accounts receivable		
Teaching supplies		
Prepaid insurance		
Prepaid rent		
Professional library		
Accumulated depreciation—Professional library		
Equipment		
Accumulated depreciation—Equipment		
Accounts payable		
Salaries payable		
Unearned training fees		
Common stock		
Retained earnings		
Dividends		
Tuition fees earned		
Training fees earned		
Depreciation expense—Professional library		
Depreciation expense—Equipment		
Salaries expense		
Insurance expense		
Rent expense		
Teaching supplies expense		
Advertising expense		
Utilities expense		
Totals		

[check my work](#) [references](#) [ebook & resources](#)

4. value:
20.00 points

4.1 Prepare Wells Technical Institute's income statement for the year 2013.

