

PROBLEM SET C

PROBLEM 4-1C

In the blank space beside each numbered balance sheet item, enter the letter of its balance sheet classification. If the item should not appear on the balance sheet, enter a Z in the blank.

A. Current assets **D.** Intangible assets **G.** Equity
B. Long-term investments **E.** Current liabilities
C. Plant assets **F.** Long-term liabilities

_____ 1. Building (used in operations)	_____ 11. Rent receivable
_____ 2. Unearned consulting revenue	_____ 12. Patent on potential cure for HIV
_____ 3. Consulting revenue	_____ 13. Mortgage payable
_____ 4. Long-term investment in stock	_____ 14. Owner, Withdrawals
_____ 5. Prepaid Rent	_____ 15. Accumulated depreciation - building
_____ 6. Owner, capital	_____ 16. Entertainment expense
_____ 7. Accounts receivable	_____ 17. Current portion of mortgage payable
_____ 8. Wages payable	_____ 18. Rent revenue
_____ 9. Supplies	_____ 19. Accounts payable
_____ 10. Depreciation expense - building	_____ 20. Cash

PROBLEM 4-2C

On August 1, 2008, Ken Wade created a new house sitting agency, Wade's Watchdog Service. The following transactions occurred during the company's first month:

Aug. 1 Wade invested \$15,000 cash and computer equipment worth \$2,500.
2 Rented furnished office space by paying \$800 cash for the first month's rent.
3 Purchased \$350 of office supplies for cash.
3 Paid \$4,800 cash for the premium on a 12-month insurance policy. Coverage begins on August 4.
14 Paid \$2,200 cash for two weeks' salaries earned by employees.
24 Collected \$5,000 cash for house sitting services provided to customers.
28 Paid another \$2,200 cash for two weeks' salaries earned by employees..
29 Paid this month's \$150 telephone bill in cash.
31 Paid \$500 cash to repair the company's computer.
31 Wade withdrew \$750 cash from the business for personal use.

The company's chart of accounts included the following:

101 Cash	405 Service Fees Earned
106 Accounts Receivable	612 Depreciation Expense — Computer Equip.
124 Office Supplies	622 Salaries Expense
128 Prepaid Insurance	637 Insurance Expense
167 Computer Equipment	640 Rent Expense
168 Accum. Depr. — Computer Equip.	650 Office Supplies Expense