Yellow Jacket Realty
Completing the Accounting Cycle

Instructions

At the beginning of the month, B. Sting organized Yellow Jacket Realty. The trial balance for Yellow Jacket Realty at December 31, 2021, 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 month are $1,300. (supplies expense/supplies)

b. Insurance premiums used during the month are $640. (insurance expense/prepaid insurance)

c. Depreciation of equipment during the month is $9,600. (depr. expense/accum. depr.)

d. Wages accrued but not paid at December 31, 2021, are $670. (wages expense/wages payable)

e. Record fees earned but not yet received at December 31, 2021 of $2,000. (AR/fees earned)

f. Record cash received for unearned fees on December 31, 2021 of $1,500. (cash/unearned fees)

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 month).

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, 2021

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

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1. Work Sheet: Part I

Prepare a work sheet for Yellow Jacket Realty for the month ended December 31, 2021.

Yellow Jacket Realty
Work Sheet: Part I
For the Month Ended December 31, 2021

	TRIAL BALANCE		ADJUSTMENTS		ADJUSTED TRIAL BALANCE	
	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

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 Month Ended December 31, 2021

	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

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3. Income Statement

Prepare an income statement for Yellow Jacket Realty for the month ended December 31, 2021. 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.

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4. Statement of Owner's Equity

Prepare a statement of owner's equity for Yellow Jacket Realty for the month ended December 31, 2021. Remember to include a title.

ASSUME THERE WERE NO ADDITIONAL INVESTMENTS MADE DURING THE MONTH.

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, 2021", 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.

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Yellow Jacket Realty

Completing the Accounting Cycle

5. Balance Sheet

Prepare a balance sheet for Yellow Jacket Realty at December 31, 2021. Remember to include a title.

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Yellow Jacket Realty

Completing the Accounting Cycle

6. Journalize Closing Entries

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.

CLOSING PROCESS

A. Fees Earned transferred to Income Summary. (fees earned/income summary)

B. Expenses transferred to Income Summary. (income summary/expenses … list all expenses separately)

C. Income Summary (net income) transferred to Capital. (income summary/capital)

D. Drawing transferred to Capital. (capital/drawing)

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	Date	Description	Post. Ref.	Debit	Credit
A					
B					
C					
D					