**CME Offshore**

09

**Accounting Training**

**Exam**

**Ghaith Hachem**

# Question a

## Adjusting Journal Entries

|  |  |  |  |
| --- | --- | --- | --- |
| Date | Description | Debit | Credit |
| December 31, 2005 | Depreciation expense: office equipment Accumulated depreciation: office equipment | $250 | $250 |
| December 31, 2005 | Unearned agency fees Agency fees earned | $2,500 | $2,500 |
| December 31, 2005 | Salaries expense Salaries payable | $1,360 | $1,360 |
| December 31, 2005 | Rent expense Prepaid rent | $600 | $600 |
| December 31, 2005 | Fees receivable  Agency fees earned | $3000 | $3000 |
| December 31, 2005 | Office supply expense Office supplies | $370 | $370 |
| December 31, 2005 | Insurance expense Unexpired insurance policies | $125 | $125 |
| December 31, 2005  | Interest expense Interest payable | $45 | $45 |
| December 31, 2005 | Income tax expense Income tax payable | $700 | $700 |
|  |  |  |  |

Depreciation of equipment : 15,000/60 =$250/month

Interest = 6,000\*9%\*1/12 =$45

## Adjusted Trial Balance

TOUCHTONE TALENT AGENCY

Adjusted Trial Balance

December 31, 2005

|  |  |  |
| --- | --- | --- |
|  | Debit | Credit |
| Cash | $14,950 |  |
| Fees receivable | 38,300 |  |
| Prepaid rent  | 600 |  |
| Unexpired insurance policies | 250 |  |
| Office supplies | 530 |  |
| Office equipment | 15,000 |  |
| Dividends | 800 |  |
| Telephone expense  | 480 |  |
| Office supply expense | 1,500 |  |
| Depreciation expense: office equipment | 3,000 |  |
| Rent expense | 6,700 |  |
| Insurance expense | 1,300 |  |
| Salaries expense | 26,000 |  |
| Income tax expense | 3,900 |  |
| Interest expense | 45 |  |
| Accumulated depreciation: Office equipment |  | $12,250 |
| Accounts payable |  | 1,500 |
| Note payable |  | 6,000 |
| Income tax payable |  | 3,900 |
| Unearned agency fees |  | 5,500 |
| Capital stock |  | 20,000 |
| Retained earnings |  | 10,800 |
| Agency fees earned |  | 52,000 |
| Salaries payable |  | 1,360 |
| Interest payable |  | 45 |
| Total | $113,355 | $113,355 |

# Question b

## Income Statement

TOUCHTONE TALENT AGENCY

Income Statement

For the Year Ended December 31, 2005

|  |  |  |
| --- | --- | --- |
| Revenues: |  |  |
|  Agency fees earned |  | $52,000 |
| **Expenses:** |  |  |
|  Telephone expense | $480 |  |
|  Office supply expense | 1,500 |  |
|  Depreciation expense: office equipment | 3,000 |  |
|  Rent expense | 6,700 |  |
|  Insurance expense | 1,300 |  |
|  Salaries expense  | 26,000 |  |
|  Income tax expense | 3,900 |  |
|  Interest expense | 45 |  |
|  **Total expense:** |  | 42,925 |
| Net Income: |  | $9,075 |

## Statement of retained earnings

TOUCHTONE TALENT AGENCY

Statement of Retained Earnings

For the Year Ended December 31, 2005

|  |  |
| --- | --- |
| Retained Earnings Balance on January 1, 2005 | $10,800 |
| Add: Net Income | 9,075 |
| Deduct: Dividends | 800 |
| Retained Earnings on December 31, 2005  | $19,075 |

## Balance Sheet

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Assets: |  |  | Liabilities and Equity: |  |
|  Cash |  | $14,950 | **Liabilities:** |  |
|  Fees receivable |  | 38,300 |  Accounts payable | $1,500 |
|  Prepaid rent |  | 600 |  Interest payable | 45 |
|  Unexpired insurance policies |  | 250 |  Salaries payable | 1,360 |
|  Office supplies |  | 530 |  Income tax payable | 3,900 |
|  Office equipment | $15,000 |  |  Note payable | 6,000 |
|  Less: Accumulated depreciation: Office equipment | 12,250 | 2,750 |  |  |
|  |  |  |  **Total Liabilities:** | $18,305 |
|  |  |  | **Equity:** |  |
|  |  |  |  Capital stock | $20,000 |
|  |  |  |  Retained earnings | 19,075 |
|  |  |  |  **Total Equity:** | $39,075 |
| Total Assets: |  | $57,380 | Total Liabilities and Equity: | $57,380 |

# Question c

TOUCHTONE TALENT AGENCY

General Journal

|  |  |  |  |
| --- | --- | --- | --- |
| Date | Description | Debit | Credit |
| December 31, 2005 | Agency fees earned Income Summary  | 52,000 | 52,000 |
| December 31, 2005 | Income Summary Telephone expense Office supply expense Depreciation expense: Office expense Rent expense Insurance expense Salaries expense Income tax expense Interest expense | 42,925 | 4801,5003,0006,7001,30026,0003,90045 |
| December 31, 2005  | Income Summary Retained Earnings | 9,075 | 9,075 |
| December 31, 2005 | Retained Earnings Dividends | 800 | 800 |

# Question d

TOUCHTONE TALENT AGENCY

After Closing Trial Balance

December 31, 2005

|  |  |  |
| --- | --- | --- |
|  | Debit | Credit |
| Cash | $14,950 |  |
| Fees receivable | 38,300 |  |
| Prepaid rent  | 600 |  |
| Unexpired insurance policies | 250 |  |
| Office supplies | 530 |  |
| Office equipment | 15,000 |  |
| Accumulated depreciation: Office equipment |  | $12,250 |
| Accounts payable |  | 1,500 |
| Note payable |  | 6,000 |
| Income tax payable |  | 3,900 |
| Unearned agency fees |  | 5,500 |
| Capital stock |  | 20,000 |
| Retained earnings |  | 19,075 |
| Salaries payable |  | 1,360 |
| Interest payable |  | 45 |
| Total | $69,630 | $69,630 |