

**Requirement 1.** Record each transaction in the journal. Explanations are not required. (Record debits first, then credits. Exclude explanations from journal entries.)

Dec.1: Morning Delivery Service began operations by receiving \$ 8,000 cash and a truck with a fair value of \$ 17,000 from Radley Morning. The business gave Morning capital in exchange for this contribution.

Date	Accounts	Debit	Credit
Dec. 1	Cash	8,000	
	Truck	17,000	
	Morning, Capital		25,000

Dec.1: Paid \$ 1,350 cash for a nine-month insurance policy. The policy begins December 1.

Date	Accounts	Debit	Credit
Dec. 1	Prepaid Insurance	1,350	
	Cash		1,350

Dec. 4: Paid \$ 750 cash for office supplies.

Date	Accounts	Debit	Credit
Dec. 4	Office Supplies	750	
	Cash		750

Dec. 12: Performed delivery services for a customer and received \$ 1,800 cash.

Date	Accounts	Debit	Credit
Dec. 12	Cash	1,800	
	Service Revenue		1,800

Dec. 15: Completed a large delivery job, billed the customer, \$ 2,600, and received a promise to collect the \$ 2,600 within one week.

Date	Accounts	Debit	Credit
Dec. 15	Accounts Receivable	2,600	
	Service Revenue		2,600

Dec.18: Paid employee salary, \$ 1,100.

Date	Accounts	Debit	Credit
Dec. 18	Salaries Expense	1,100	
	Cash		1,100

Dec. 20: Received \$ 4,000 cash for performing delivery services.

<b>Date</b>	<b>Accounts</b>	<b>Debit</b>	<b>Credit</b>
Dec. 20	Cash	4,000	
	Service Revenue		4,000

Dec. 22: Collected \$ 900 in advance for delivery service to be performed later.

<b>Date</b>	<b>Accounts</b>	<b>Debit</b>	<b>Credit</b>
Dec. 22	Cash	900	
	Unearned Revenue		900

Dec. 25: Collected \$ 2,600 cash from customer on account.

<b>Date</b>	<b>Accounts</b>	<b>Debit</b>	<b>Credit</b>
Dec. 25	Cash	2,600	
	Accounts Receivable		2,600

Dec. 27: Purchased fuel for the truck, paying \$ 200 on account. (Credit Accounts Payable)

<b>Date</b>	<b>Accounts</b>	<b>Debit</b>	<b>Credit</b>
Dec. 27	Fuel Expense	200	
	Accounts Payable		200

Dec. 28: Performed delivery services on account, \$ 1,400.

<b>Date</b>	<b>Accounts</b>	<b>Debit</b>	<b>Credit</b>
Dec. 28	Accounts Receivable	1,400	
	Service Revenue		1,400

Dec. 29: Paid office rent, \$ 1,800, for the month of December.

<b>Date</b>	<b>Accounts</b>	<b>Debit</b>	<b>Credit</b>
Dec. 29	Rent Expense	1,800	
	Cash		1,800

Dec. 30: Paid \$ 200 on account.

<b>Date</b>	<b>Accounts</b>	<b>Debit</b>	<b>Credit</b>
Dec. 30	Accounts Payable	200	
	Cash		200

Dec. 31: Morning withdrew cash of \$ 3,200.

Date	Accounts	Debit	Credit
Dec. 31	Morning, Withdrawals	3,200	
	Cash		3,200

**Requirement 2.** Post the transactions to the T-accounts. Use the transaction dates as posting references. Use a "Bal." posting reference to show the ending balance of each account. For any accounts with a zero balance, select the "Bal." posting reference and enter a "0" on the normal side of the account. Review the journal entries you prepared above.

Cash				Accounts Payable				Service Revenue			
Dec. 1	8,000	1,350	Dec. 1	Dec. 30	200	200	Dec. 27			1,800	Dec. 12
Dec. 12	1,800	750	Dec. 4							2,600	Dec. 15
Dec. 20	4,000	1,100	Dec. 18			<b>0 Bal.</b>				4,000	Dec. 20
Dec. 22	900	1,800	Dec. 29							1,400	Dec. 28
Dec. 25	2,600	200	Dec. 30	<b>Salaries Payable</b>							
		3,200	Dec. 31								
<b>Bal.</b>	<b>8,900</b>					<b>0 Bal.</b>				<b>9,800 Bal.</b>	

Accounts Receivable				Unearned Revenue				Salaries Expense			
Dec. 15	2,600	2,600	Dec. 25			900	Dec. 22	Dec. 18	1,100		
Dec. 28	1,400										
<b>Bal.</b>	<b>1,400</b>					<b>900 Bal.</b>		<b>Bal.</b>	<b>1,100</b>		

Office Supplies				Morning, Capital				Depreciation Expense—Truck			
Dec. 4	750					25,000	Dec. 1				
<b>Bal.</b>	<b>750</b>					<b>25,000 Bal.</b>		<b>Bal.</b>	<b>0</b>		

Prepaid Insurance				Morning, Withdrawals				Insurance Expense			
Dec. 1	1,350			Dec. 31	3,200						
<b>Bal.</b>	<b>1,350</b>			<b>Bal.</b>	<b>3,200</b>			<b>Bal.</b>	<b>0</b>		

Truck			
Dec. 1	17,000		
<b>Bal.</b>	<b>17,000</b>		

Income Summary			

Fuel Expense			
Dec. 27	200		
<b>Bal.</b>	<b>200</b>		

Accumulated Depreciation—Truck			
		<b>0 Bal.</b>	

Rent Expense			
Dec. 29	1,800		
<b>Bal.</b>	<b>1,800</b>		

Supplies Expense			
<b>Bal.</b>	<b>0</b>		

**Requirement 3.** Prepare an unadjusted trial balance as of December 31, 2016. (Exclude any accounts with a zero balance from the trial balance.) Review the T-accounts you prepared in Requirement 1.

Morning Delivery Service		
Unadjusted Trial Balance		
December 31, 2016		
	Balance	
Account Title	Debit	Credit
Cash	\$8,900	
Accounts Receivable	1,400	
Office Supplies	750	
Prepaid Insurance	1,350	
Truck	17,000	
Unearned Revenue		\$900
Morning, Capital		25,000
Morning, Withdrawals	3,200	
Service Revenue		9,800
Salaries Expense	1,100	
Rent Expense	1,800	
Fuel Expense	200	
<b>Total</b>	<b>\$35,700</b>	<b>\$35,700</b>

**Requirement 4.** Journalize the adjusting entries using the adjustment data. Post adjusting entries to the T-accounts.

Begin by preparing the adjusting entries. (Record debits first, then credits. Exclude explanations from journal entries.)

a. Accrued Salaries Expense, \$ 1,100.

Date	Accounts	Debit	Credit
Dec. 31	Salaries Expense	1,100	
Adj. (a)	Salaries Payable		1,100

b. Depreciation was recorded on the truck using the straight-line method. Assume a useful life of five years and a salvage value of \$ 8,000.

Date	Accounts	Debit	Credit
Dec. 31	Depreciation Expense—Truck	150	
Adj. (b)	Accumulated Depreciation—Truck		150

c. Prepaid Insurance for the month has expired.

Date	Accounts	Debit	Credit
Dec. 31	Insurance Expense	150	
Adj. (c)	Prepaid Insurance		150

d. Office supplies on hand, \$350.

Date	Accounts	Debit	Credit
Dec. 31	Supplies Expense	400	
Adj. (d)	Office Supplies		400

e. Unearned Revenue earned during the month, \$ 600.

Date	Accounts	Debit	Credit
Dec. 31	Unearned Revenue	600	
Adj. (e)	Service Revenue		600

f. Accrued Service Revenue, \$ 1,350.

Date	Accounts	Debit	Credit
Dec. 31	Accounts Receivable	1,350	
Adj. (f)	Service Revenue		1,350

Post the adjusting entries to the T-accounts. The unadjusted balances of the accounts ("Bal.") have been entered for you. Use the adjustment and corresponding letters as posting References---- "Adj. (a)", "Adj. (b)", etc. Use a "Bal." posting reference on the last line of each T-account to show the adjusted balance of each account. For any accounts with a zero balance, select the "Bal." posting reference and enter a "0" on the normal side of the account.

Review the adjusting journal entries you prepared above.

Cash				Accounts Payable				Service Revenue			
Bal.	8,900					0 Bal.			9,800 Bal.		
									600 Adj. (e)		
<b>Bal.</b>	<b>8,900</b>					<b>0 Bal.</b>			1,350 Adj. (f)		
									<b>11,750 Bal.</b>		

Salaries Payable			
			0 Bal.
			1,100 Adj. (a)
			<b>1,100 Bal.</b>

Accounts Receivable				Unearned Revenue				Salaries Expense			
Bal.	1,400			Adj. (e)	600	900 Bal.	Bal.	1,100			
Adj. (f)	1,350						Adj. (a)	1,100			
<b>Bal.</b>	<b>2,750</b>					<b>300 Bal.</b>	<b>Bal.</b>	<b>2,200</b>			

Office Supplies				Morning, Capital				Depreciation Expense—Truck			
Bal.	750	400 Adj. (d)				25,000 Bal.	Bal.	0			
							Adj. (b)	150			
<b>Bal.</b>	<b>350</b>					<b>25,000 Bal.</b>	<b>Bal.</b>	<b>150</b>			

Prepaid Insurance				Morning, Withdrawals				Insurance Expense			
Bal.	1,350	150 Adj. (c)		Bal.	3,200			Bal.	0		
								Adj. (c)	150		
<b>Bal.</b>	<b>1,200</b>			<b>Bal.</b>	<b>3,200</b>			<b>Bal.</b>	<b>150</b>		

Truck				Income Summary				Fuel Expense			
Bal.	17,000							Bal.	200		
<b>Bal.</b>	<b>17,000</b>							<b>Bal.</b>	<b>200</b>		

**Accumulated  
Depreciation—Truck**

		0 Bal.
		150 Adj. (b)
		<b>150 Bal.</b>

**Rent Expense**

Bal.	1,800		
<b>Bal.</b>	<b>1,800</b>		

**Supplies Expense**

Bal.	0		
Adj. (d)	400		
<b>Bal.</b>	<b>400</b>		

**Requirement 5.** Prepare an adjusted trial balance as of December 31, 2016. (Exclude any zero balance accounts from the adjusted trial balance.)

Review the T-accounts you prepared in Requirement 4.

<b>Morning Delivery Service</b>		
<b>Adjusted Trial Balance</b>		
<b>December 31, 2016</b>		
	<b>Balance</b>	
<b>Account Title</b>	<b>Debit</b>	<b>Credit</b>
Cash	\$8,900	
Accounts Receivable	2,750	
Office Supplies	350	
Prepaid Insurance	1,200	
Truck	17,000	
Accumulated Depreciation— Truck		\$150
Salaries Payable		1,100
Unearned Revenue		300
Morning, Capital		25,000
Morning, Withdrawals	3,200	
Service Revenue		11,750
Salaries Expense	2,200	
Rent Expense	1,800	
Insurance Expense	150	
Depreciation Expense—Truck	150	
Supplies Expense	400	
Fuel Expense	200	
<b>Total</b>	<b>\$38,300</b>	<b>\$38,300</b>

**Requirement 6.** Prepare Morning Delivery Service's income statement and statement of owner's equity for the month ended December 31, 2016, and the classified balance sheet on that date. On the income statement, list expenses in decreasing order by amount ---- that is, the largest expense first, the smallest expense last.

Begin by preparing the income statement. List expenses in decreasing order by amount ---- that is, the largest expense first, the smallest expense last.

Review the Adjusted Trial Balance completed in Requirement 5.

<b>Morning Delivery Service</b>		
<b>Income Statement</b>		
<b>Month Ended December 31, 2016</b>		
Revenues:		
Service Revenue		\$11,750
Expenses:		
Salaries Expense	\$2,200	
Rent Expense	1,800	
Supplies Expense	400	
Fuel Expense	200	
Depreciation Expense—Truck	150	
Insurance Expense	150	
Total Expenses		4,900
Net Income (Loss)		<b>\$6,850</b>

Prepare the statement of owner's equity. Enter any increases in capital prior to the subtotal and any decreases to capital below the subtotal. (Enter a "0" for any zero balances. Use a minus sign or parentheses to show a decrease in retained earnings.)

Review the Adjusted Trial Balance completed in Requirement 5.

<b>Morning Delivery Service</b>	
<b>Statement of Owner's Equity</b>	
<b>Month Ended December 31, 2016</b>	
Morning, Capital, December 1, 2016	\$0
Owner contribution	25,000
Net income for the month	6,850
	\$31,850
Owner withdrawal	(3,200)
Morning, Capital, December 31, 2016	<b>\$28,650</b>



Prepare Morning Delivery Service's classified balance sheet on December 31, 2016.  
 (Exclude any zero balance accounts from the balance sheet.)  
 Review the Adjusted Trial Balance completed in Requirement 5.

<b>Morning Delivery Service</b>		
<b>Balance Sheet</b>		
<b>December 31, 2016</b>		
<b>Assets</b>		
Current Assets:		
Cash	\$8,900	
Accounts Receivable	2,750	
Office Supplies	350	
Prepaid Insurance	1,200	
Total Current Assets		\$13,200
Plant Assets:		
Truck	17,000	
Less: Accumulated Depreciation— Truck	(150)	
Total Plant Assets		16,850
Total Assets		<b>\$30,050</b>
<b>Liabilities</b>		
Current Liabilities:		
Salaries Payable	\$1,100	
Unearned Revenue	300	
Total Liabilities		1,400
<b>Owner's Equity</b>		
Morning, Capital		28,650
Total Liabilities and Owner's Equity		<b>\$30,050</b>

**Requirement 7.** Journalize the closing entries and post to the T-accounts.  
 Begin by journalizing the closing entries. (Record debits first, then credits. Exclude explanations from journal entries.)

Start by closing revenues.  
 Review the Adjusted Trial Balance completed in Requirement 5.

Date	Accounts	Debit	Credit
Dec. 31	Service Revenue	11,750	
Clos. (1)	Income Summary		11,750

Close expenses for the period.

Review the Adjusted Trial Balance completed in Requirement 5.

Date	Accounts	Debit	Credit
Dec. 31	Income Summary	4,900	
Clos. (2)	Salaries Expense		2,200
	Depreciation Expense—Truck		150
	Insurance Expense		150
	Fuel Expense		200
	Rent Expense		1,800
	Supplies Expense		400

Close Income Summary.

Review the Adjusted Trial Balance completed in Requirement 5.

Date	Accounts	Debit	Credit
Dec. 31	Income Summary	6,850	
Clos. (3)	Morning, Capital		6,850

Close withdrawals.

Review the Adjusted Trial Balance completed in Requirement 5.

Date	Accounts	Debit	Credit
Dec. 31	Morning, Capital	3,200	
Clos. (4)	Morning, Withdrawals		3,200

Post the closing entries to the T-accounts. Use "Clos." and the corresponding number as shown in the journal entry as posting References ----"Clos.(1)", "Clos.(2)", etc. The adjusted balance of each account has been entered for you. Post any closing entries to the accounts and then calculate the post-closing balance ("Bal.") of each account (including those that were not closed). For any accounts with a zero balance after closing, enter a "0" on the normal side of the account. For Income Summary, calculate and enter the balance ("Bal.") before posting the entry to close out the account. Post the entry to close Income Summary account on the same line as you entered the balance prior to closing (the second line) and then show the post-closing balance ("Bal.") on the last (third) line of the account.

Review the closing journal entries you prepared above.

Cash		Accounts Payable		Service Revenue	
Bal.	8,900		0 Bal.	Clos.(1) 11,750	11,750 Bal.
<b>Bal.</b>	<b>8,900</b>		<b>0 Bal.</b>		<b>0 Bal.</b>

Salaries Payable	
	1,100 Bal.
	<b>1,100 Bal.</b>

Accounts Receivable		Unearned Revenue		Salaries Expense	
Bal.	2,750		300 Bal.	Bal.	2,200
<b>Bal.</b>	<b>2,750</b>		<b>300 Bal.</b>	<b>Bal.</b>	<b>0</b>

Office Supplies				Morning, Capital				Depreciation Expense—Truck			
Bal.	350			Clos.(4)	3,200	25,000	Bal.	Bal.	150	150	Clos.(2)
<b>Bal.</b>	<b>350</b>					6,850	Clos.(3)	<b>Bal.</b>	<b>0</b>		
						<b>28,650</b>	<b>Bal.</b>				

Prepaid Insurance				Morning, Withdrawals				Insurance Expense			
Bal.	1,200			Bal.	3,200	3,200	Clos.(4)	Bal.	150	150	Clos.(2)
<b>Bal.</b>	<b>1,200</b>			<b>Bal.</b>	<b>0</b>			<b>Bal.</b>	<b>0</b>		

Truck				Income Summary				Fuel Expense			
Bal.	17,000			Clos.(2)	4,900	11,750	Clos.(1)	Bal.	200	200	Clos.(2)
<b>Bal.</b>	<b>17,000</b>			Clos.(3)	6,850	6,850	Bal.	<b>Bal.</b>	<b>0</b>		
						<b>0</b>	<b>Bal.</b>				

Accumulated Depreciation—Truck			
		150	Bal.
		<b>150</b>	<b>Bal.</b>

Rent Expense			
Bal.	1,800	1,800	Clos.(2)
<b>Bal.</b>	<b>0</b>		

Supplies Expense			
Bal.	400	400	Clos.(2)
<b>Bal.</b>	<b>0</b>		

**Requirement 8.** Prepare a post-closing trial balance. (Exclude any permanent accounts with a zero balance from the post-closing trial balance.)

Review the T-accounts you prepared in Requirement 7.

Morning Delivery Service		
Post-Closing Trial Balance		
December 31, 2016		
	Balance	
Account Title	Debit	Credit
Cash	\$8,900	
Accounts Receivable	2,750	
Office Supplies	350	
Prepaid Insurance	1,200	
Truck	17,000	
Accumulated Depreciation—Truck		\$150
Salaries Payable		1,100
Unearned Revenue		300
Morning, Capital		28,650
<b>Total</b>	<b>\$30,200</b>	<b>\$30,200</b>