

# Answers to Study Guide Questions

## CHAPTER 4

### PART 1 True/False

- |      |       |
|------|-------|
| 1. T | 6. T  |
| 2. F | 7. T  |
| 3. T | 8. F  |
| 4. T | 9. T  |
| 5. T | 10. F |

### PART 2 Completion—Language of Business

- |                  |                       |
|------------------|-----------------------|
| 1. book value    | 6. accounting cycle   |
| 2. fiscal period | 7. mixed account      |
| 3. contra        | 8. matching principle |
| 4. adjustments   | 9. depreciation       |
| 5. accrued wages |                       |

### PART 3 Adjusting Entries

- |    |  |  |
|----|--|--|
| 1. | <b>Prepaid Insurance</b>                             | <b>Insurance Expense</b>                         |
|    | Bal. 950   Adj. 510                                  | Adj. 510   |
| 2. | <b>Accumulated Depreciation<br/>Equipment</b>        | <b>Depreciation<br/>Expense, Equipment</b>       |
|    | Bal. 7,500<br>Adj. 2,500                             | Adj. 2,500                                       |
| 3. | <b>Wages Expense</b>                                 | <b>Wages Payable</b>                             |
|    | Bal. 8,100<br>Adj. 470                               | Adj. 470   |
| 4. | <b>Prepaid Insurance</b>                             | <b>Insurance Expense</b>                         |
|    | Bal. 1,500   Adj. 350                                | Adj. 350   |
| 5. | <b>Accumulated Depreciation,<br/>Store Equipment</b> | <b>Depreciation Expense,<br/>Store Equipment</b> |
|    | Bal. 8,350<br>Adj. 1,480                             | Adj. 1,480                                       |

## PART 4 Analyzing the Work Sheet

Account Name	Trial Balance		Adjustments		Adjusted Trial Balance		Income Statement		Balance Sheet	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
0. Equipment	X				X				X	
1. Cash	X				X				X	
2. C. Tumi, Capital		X				X				X
3. Advertising Expense	X				X		X			
4. Accounts Receivable	X				X				X	
5. Wages Expense	X		X		X		X			
6. Accumulated Depreciation, Equipment		X		X		X				X
7. Wages Payable				X		X				X
8. C. Tumi, Drawing	X				X				X	
9. Service Revenue		X				X		X		
10. Depreciation Expense, Equipment			X		X		X			