Continuing Cookie Chronicle

(Note: This is a continuation of the Cookie Chronicle from Chapters 1 through 3.)

CCC4 Cookie Creations is gearing up for the winter holiday season. During the month of December 2011, the following transactions occur:

Dec. 1 Natalie hires an assistant at an hourly wage of $8 to help with cookie making and some administrative duties.
5 Natalie teaches the class that was booked on November 25. The balance outstanding is received.
8 Cookie Creations receives a check for the amount due from the neighborhood school for the class given on November 30.
9 Cookie Creations receives $750 in advance from the local school board for five classes that the company will give during December and January.
15 Pays the cell phone invoice outstanding at November 30.
16 Issues a check to Natalie's brother for the amount owed for the design of the website.
19 Receives a deposit of $60 on a cookie class scheduled for early January.
23 Additional revenue earned during the month for cookie-making classes amounts to $4,000. (Natalie has not had time to account for each class individually.) $3,000 in cash has been collected and $1,000 is still outstanding. (This is in addition to the December 5 and December 9 transactions.)
23 Additional baking supplies purchased during the month for sugar, flour, and chocolate chips amount to $1,250 cash.
23 Issues a check to Natalie's assistant for $800. Her assistant worked approximately 100 hours from the time in which she was hired until December 23.
28 Pays a dividend of $500 to the common shareholder (Natalie).

As of December 31, Cookie Creations' year-end, the following adjusting entry data are provided.
1. A count reveals that $45 of brochures and posters were used.
2. Depreciation is recorded on the baking equipment purchased in November. The baking equipment has a useful life of 5 years. Assume that 2 months' worth of depreciation is required.
3. Amortization (which is similar to depreciation) is recorded on the website. (Credit the Website account directly for the amount of the amortization.) The website is amortized over a useful life of 2 years and was available for use on December 1.
4. Interest on the note payable is accrued. (Assume that 1.5 months of interest accrued during November and December.) Round to nearest dollar.
5. One month's worth of insurance has expired.
6. Natalie is unexpectedly telephoned on December 28 to give a cookie class at the neighborhood community center on December 31. In early January Cookie Creations sends an invoice for $450 to the community center.
7. A count reveals that $1,025 of baking supplies were used.
8. A cell phone invoice is received for $75. The invoice is for services provided during the month of December and is due on January 15.
9. Because the cookie-making class occurred unexpectedly on December 28 and is for such a large group of children, Natalie's assistant helps out. Her assistant worked 7 hours at a rate of $8 per hour.
10. An analysis of the unearned revenue account reveals that two of the five classes paid for by the local school board on December 9 still have not been taught by the end of December. The $60 deposit received on December 19 for another class also remains unearned.

Instructions

Using the information that you have gathered and the general ledger accounts that you have prepared through Chapter 3, plus the new information above, do the following.
(a) Journalize the above transactions.
(b) Post the December transactions. (Use the general ledger accounts prepared in Chapter 3.)
(c) Totals $8,160  (c) Prepare a trial balance at December 31, 2011.
(d) Prepare and post adjusting journal entries for the month of December.
(e) Totals $8,804  (e) Prepare an adjusted trial balance as of December 31, 2011.
(f) Net income $3,211  (f) Prepare an income statement and a retained earnings statement for the 2-month pe-
period ending December 31, 2011, and a classified balance sheet as of December 31, 2011.
(g) Prepare and post closing entries as of December 31, 2011.
(h) Totals $6,065  (h) Prepare a post-closing trial balance.