

## Quick Question On Adjusting Journal Entries

Make September 30 Adjusting Journal Entries assuming a one-month accounting cycle.

- A. Supplies had a beginning balance of \$450. \$200 of supplies were purchased during September. An inventory of supplies revealed an ending balance of \$225.
- B. Office equipment with an estimated useful life of four years had been purchased on September 1 for \$4,800.
- C. On September 1, the company had paid for a three-year, \$7,200 liability policy.
- D. Salaries of \$1,000 for the five-day work week would be paid on Friday, October 2. Make both the adjusting and reversing entries.
- E. The company completed construction work valued at \$500 for a company that had paid in advance.
- F. Make the October 2 payroll entry.

DATE		ACCOUNT TITLE AND DESCRIPTION	PR	DEBIT		CREDIT	
Sept.	30	Supplies Expense		425			
		Supplies				425	
Sept.	30	Depreciation Expense, Office Equipment		100			
		Accumulated Depreciation				100	
		Office Equipment					
Sept.	30	Liability Insurance Expense		200			
		Prepaid Liability Insurance				200	
Sept.	30	Salaries Expense		600			
		Salaries Payable				600	
Sept.	30	Unearned Construction Fees		500			
		Construction Fees Earned				500	
Oct.	1	Salaries Payable		600			
		Salaries Expense				600	
Oct.	2	Salaries Expense		400			
		Salaries Payable		600			
		Cash				1,000	

# Quick Question On Preparing An Income Statement And Balance Sheet

Make a December 31, 1995 Income Statement and Balance Sheet for the ABC Company using the following accounts.

Cash	\$1,900	Capital, Dec. 1, 1995	\$1,500
Rent Expense	1,000	Withdrawals	400
Accounts Payable	800	Salaries Payable	200
Equipment	1,500	Salaries Expense	300
Unearned Storage Fees	200	Depreciation	
Accumulated Depreciation:		Expense: Equipment	100
Equipment	500	Telephone Expense	100
Earned Storage Fees	2,500	Accounts Receivable	400

ABC Company Income Statement For the Month Ended December 31, 1995		
Revenue:		
Earned Storage Fees		\$2,500
Operating Expenses:		
Rent	\$1,000	
Salaries	300	
Depreciation, Equipment	100	
Telephone	<u>100</u>	
Total Operating Expenses		<u>1,500</u>
Net Income		\$1,000

ABC Company Balance Sheet December 31, 1995					
Current Assets:			Current Liabilities:		
Cash		\$1,900	Accounts Payable		\$ 800
Accounts Receivable		400	Salaries Payable		200
Plant and Equipment:			Unearned Storage Fees		<u>200</u>
Equipment	\$1,500		Total Liabilities		\$1,200
Less: Accumulated	<u>500</u>	<u>1,000</u>	Owner's Equity		
Depreciation			Capital, Dec. 1, 1995	\$1,500	
Total Assets		<u>\$3,300</u>	Net Income	\$1,000	
			Withdrawals	<u>400</u>	<u>600</u>
			Capital, Dec. 31, 1995		<u>2,100</u>
			Total Liabilities and		
			Owner's Equity		<u>\$3,300</u>