

III. PROPERTY TAXES

Because Darin spent \$14,400 in property taxes last year, he made monthly adjusting entries beginning in January of $\$14,400/12 = \$1,200$. In November the tax rate revealed a total liability of \$15,000 or \$1,250 per month. Required entries were as follows:

Jan. 31	Property Tax Expense	1,200	
	Property Taxes Payable		1,200
	Monthly property tax adjustment.		

Note: Similar entries were made for February through October.

Google "MBA Internet Library" for help getting accepted, graduating, and getting a job.

Nov. 30	Property Tax Expense	1,750	
	Property Taxes Payable		1,750
	To update property tax liability.		

Google "Software Tutorial Internet Library" for help learning many software packages.

$\$15,000/12 = \$1,250 - \$1,200 = (\$50)$ (10) months = \$ 500
 Nov. 1,250
 Total \$1,750

IV. PAYROLL

Darin's Music Emporium paid four sales people \$250 per week and a bookkeeper \$400 per week. The Federal Insurance Corporation Act (FICA) requires both employers and employees pay for social security with a 7.65% withholding tax on employees' income up to \$51,000. Federal and State Unemployment Taxes were .8% and 5.4% respectively on earnings up to \$7,000. Federal Income Tax Withheld amounted to \$213. All salespeople had \$45 per week withheld for health insurance. The bookkeeper had her \$70 per week health policy paid for by the company. Entries for the first week in January were as follows:

Jan. 7	Sales Salaries Expense (4) (\$250)	1,000.00	
	Office Salaries Expense	400.00	
	FICA Taxes Payable (\$1,400) (.0765)		107.10
	Health Insurance Payable (4) (\$45)		180.00
	Employee Income Taxes Payable		213.00
	Accrued Payroll		899.90
	To record weekly payroll.		
Jan. 7	Payroll Tax Expense	193.90	
	FICA Taxes Payable		107.10
	State Unemployment Taxes Payable (.054) (\$1,400)		75.60
	Federal Unemployment Taxes Payable (.008) (\$1,400)		11.20
	To record employee payroll taxes.		
Jan. 7	Employee Benefit Expense	70.00	
	Health Insurance Payable		70.00
	To record employee fringe benefits.		
Jan. 7	Accrued Payroll	899.90	
	Cash		899.90
	To pay weekly payroll.		

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V. WARRANTIES

Darin's Music Emporium sometimes received merchandise returns not covered by manufacturer warranty. An allowance account of \$1,000 was set up to offset potential settlements. Only parts were covered, customers paid for labor. On January 15th a \$100 claim consisting of \$25 in parts and \$75 in labor was settled. Required entries were as follows:

Dec. 31	Warranty Expense	1,000	
	Allowance for Warranty Liability		1,000
	To account for estimated warranty expense.		
Jan. 15	Cash	75	
	Allowance for Warranty Liability	25	
	Parts Inventory		25
	Service Revenue		75
	To record warranty work performed, Parts \$25, Labor \$75.		