

HOMEWORK

On December 1, 2020, the account balances of Blue Land, Inc. were as follows.

| No. | | Debit | No. | | Credit |
|-----|---------------------|------------------|-----|------------------------------------|------------------|
| 101 | Cash | \$ 9,500 | 158 | Accumulated Depreciation—Equipment | \$10,300 |
| 112 | Accounts Receivable | 22,300 | 201 | Accounts Payable | 12,800 |
| 126 | Supplies | 6,000 | 209 | Unearned Service Revenue | 6,000 |
| 157 | Equipment | 70,000 | 212 | Salaries and Wages Payable | 8,200 |
| | | | 311 | Share Capital—Ordinary | 40,000 |
| | | | 320 | Retained Earnings | 30,500 |
| | | <u>\$107,800</u> | | | <u>\$107,800</u> |

During December, the following summary transactions were completed.

- Dec 04 Purchased supplies on account \$12,500
- Dec 09 Received \$33,500 cash for services performed in December.
- Dec 11 Paid \$10,000 for salaries due employees, of which \$4,800 is for September salaries.
- Dec 15 Purchased equipment on account \$7,200
- Dec 19 Received \$12,750 cash from customers on account.
- Dec 22 Paid creditors on account \$5,000.
- Dec 23 Paid December rent \$5,550.
- Dec 25 Received \$1,700 from customers for future service
- Dec 28 Paid salaries \$2,250.
- Dec 29 Performed services on account and billed customers for services provided \$5,750.

Adjustment data consist of:

1. Depreciation for the month is \$3,000.
2. Accrued salaries payable \$5,700.
3. Supplies on hand \$1,700.
4. Unearned service revenue of \$3,400 is recognized for services performed.

Instructions

a) Journalize the December transactions



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- Dec 25 Received \$1,700 from customers for future service.
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Instructions

- a) Journalize the December transactions.
- b) Journalize the adjusting entries at December 31, 2020.
- c) Post to ledger accounts using the three-column form of account. (Use J1 for posting reference. Use the following additional accounts: No. 400 Service Revenue, No. 631 Supplies Expense, No. 711 Depreciation Expense, No. 726 Salaries and Wages Expense and No. 729 Rent Expense.)
- d) Prepare an adjusted trial balance.
- e) Prepare an Income Statement and a retained earnings statement for December and a Statement of Financial Position at December 31, 2020