Exercise 7

(1)

How do you record the supply when you buy it?

Dr. Supply 800

Cr. Cash/Accounts Payable 800

At year end, you have to prepare adjusting entry in order to recognize the expense from using this supply:

Dr. Supply Expense 700

Cr. Supply 700

(4)

Jan 1, 2018: Dr. Prepaid Insurance 12,000

Cr. Cash 12,000

Adjusting entry:

Dec 31, 2018 Dr. Insurance Expense 4.000

Cr. Prepaid Insurance 4,000

Problem 3-2

4) Adjusting entry: Dr. Supply Expense 2,150

Cr. Supply 2,150

5) Adjusting entry: Dr. Insurance Expense 600

Cr. Prepaid Insurance 600

Problem 3-5 (3)

Adjusting entry:

Dr. Supply Expense 4,000

Cr. Supply 4,000

(4)

Dr. Insurance Expense 320

Cr. Prepaid Insurance 320

**Unearned Revenue type of adjustment**

**Exercise 1 Adjusting entry:**

Dr. Unearned Service Revenue 1,000

Cr. Service Revenue 1,000

**Exercise 7 (2) Adjusting entry:**

Dr. Unearned Revenue 200,000

Cr. Service Revenue 200,000

**Problem 3-2 (2)**

Dr. Unearned Rent Revenue 3,300

Cr. Rent Revenue 3,300

**Accrued Revenue**

**Exercise 7 (5): Adjusting entry**

Dr. Accounts Receivable 750

Cr. Service Revenue 750

**Exercise 7 (3): Adjusting entry**

Dr. Interest Receivable 800

Cr. Interest Revenue 800

(12,000 x 10/100 x 8/12= 800

**Problem 3-5 (5) Adjusting entry**

Dr. Interest Receivable 150

Cr. Interest Revenue 150

**Accrued Expense:**

**Exercise 7 (6) Adjusting entry:**

Dr. Salary Expense 400

Cr. Salary Payable 400

**Problem 3-2 (3) Adjusting entry:**

Dr. Interest Expense 500

Cr. Interest Payable 500

**Problem 3-5 (1) Adjusting entry:**

Dr. Interest Expense 400

Cr. Interest Payable 400