

Homework 4

Due by 12PM CT (noon) on Tuesday, September 17th

Answers to this homework assignment must be submitted online through eLearning

Section 1: Adjusting entries

1. Richardson Enterprises purchased equipment on March 31, 2019 for \$30,000. The equipment has an estimated useful life of 18 years. At the end of 2019, the company has used the equipment for 9 months. Record the adjusting entry to recognize the cost of using this equipment (i.e., depreciation expense) during 2019. Assume the company uses straight-line depreciation.

2. Richardson Enterprises borrowed \$80,000 from a bank on February 28, 2019. The loan has a 9% interest rate annually. The first interest payment is due at the end of February 2020. At the end of 2019, record the adjusting entry to recognize the interest expense incurred for 10 months of 2019.

3. On October 1, 2019, Richardson Enterprises pre-paid 4 months of rent where rent cost \$3,800 per month. At the end of 2019, record the adjusting entry to recognize the 3 months of rent used from October through December.

4. During the last two months of the year, employees for Richardson Enterprises earn \$3,300 per month in wages. Richardson Enterprises will pay the employees in January 2020. At the end of 2019, record the adjusting entry to recognize these 2 months of accrued wages.

5. Richardson Enterprises earned \$30,000 in taxable income during fiscal year 2019. At the end of 2019, the company recognized income tax expense at a rate of 21%. The taxes will not be paid until March 2020. Record the adjusting entry to recognize this income tax expense.

6. On November 1, 2019, Richardson Enterprises received an order to deliver goods with a sales price of \$10,000 that would cost the company \$5,500. At the time, the customer paid the \$10,000 in advance; Richardson Enterprises would fulfill the order over time. By December 31, 2019, the company had fulfilled 30% of the order. Record the adjusting entry to recognize fulfilling 30% of the order by the end of 2019.

7. On June 15, 2019, Richardson Enterprises received an order to deliver goods with a sales price of \$25,000 that would cost the company \$11,000. In June, the customer paid \$5,000 in advance and Richardson Enterprises would fulfill the order over time. By December 31, 2019, Richardson Enterprises had fulfilled 60% of the order. The customer will pay the remaining \$20,000 in 2020. Record the adjusting entry to recognize fulfilling 60% of this order by the end of 2019.

8. On July 1, 2019, Richardson Enterprises had a balance of \$3,000 in Office Supplies. From July through December, the company purchased an additional \$500 in Office Supplies. On December 31, 2019, there were \$1,200 in office supplies on hand. At the end of 2019, record the adjusting entry to recognize the value of office supplies used from June through December (i.e., Office Supplies Expense).

(See next page for Section 2)

Section 2: Closing entries

9. For fiscal year 2020, Richardson Enterprises recognized the following in revenues and expenses:

Revenues	\$150,000
Cost of Goods Sold	\$60,000
Depreciation Expense	\$2,500
Wages Expense	\$12,000
Rent Expense	\$10,000
Office Supplies Expense	\$3,100
Interest Expense	\$2,900
Income Tax Expense	\$12,495

Record the closing entries to close out temporary accounts and close the books on December 31, 2020.