

**NOTE:** Attempt all questions.

Q No 1: Following is the trial balance of a private investigating business. Some clients are required to pay in advance for the company's services, while others are billed after the services have been rendered. Advance payments from customers are credited to an account entitled Unearned Retainer Fees, which represents unearned revenue (a liability). The business adjusts its accounts each month and closes its accounts at the end of each quarter. At the end of March, which is also end of the first quarter, the trial balance appeared as follows: 3

ABC Investigations Trial Balance 31-Mar-2019			
Cash		\$17,150	
← Fees Receivable		37,800	
Unexpired Insurance		1,600	
Prepaid Rent		5,400	
Office Supplies		1,050	
Office Equipment		17,100	
Accumulated Depreciation: Office Equipment			\$5,700
Accounts Payable			3,900
Unearned Retainer Fees -			24,000
Owner's Equity			45,300
Owner's Drawing		3,200	
← Fees Earned			33,320
Depreciation Expense: Office Equipment		570	
Rent Expense		3,000	
Office Supplies Expense		450	
Insurance Expense		800	
Telephone Expense		1,200	
Travel Expense		3,400	
Salaries Expense		19,500	
		<u>\$112,220</u>	<u>\$112,220</u>

1050  
- 700  
350

office supp Exp 350

→ office supp 350

19

**Note:** All the relevant account titles, needed for the adjusting entries, already exist in the trial balance. Do not create new ones.