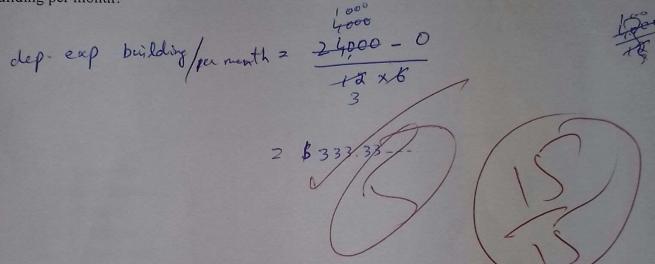
On January 1 of this year, \$2,400 was paid for six months' fire insurance. Record the adjusting entry for March.

The Junear expense -- 400'

Weekpired Insurance expense -- 400'

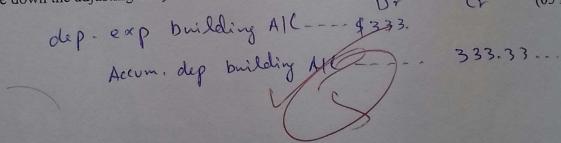
Q No 2: A business purchases building at \$24,000. The building has an estimated life of 6 years and it will be fully depreciated over its life. Assuming that the firm charges an equal amount of depreciation each year (using straight line depreciation method), answer the following questions:

a) Use straight line depreciation method to determine the amount of depreciation expense charged to the building per month? (05 Marks)

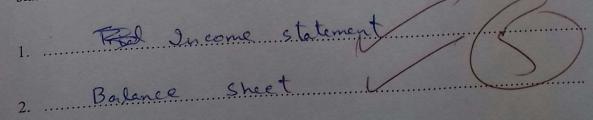


b) Write down the adjusting entry to record depreciation on the building at the end of the first month?

(05 Marks)



c) Mention where the accounts involved in the adjusting entry (part b) would appear in financial (05 Marks) statements?



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