

Fatima Naveed

B1615800-9.

PP

Q3) The unadjusted trial balance of Gibbons Repair service at the end of its first year of operations is shown below.

**GIBBONS REPAIR SERVICE
TRIAL BALANCE
DECEMBER 31, 2009**

✓ Assignment
Next Class

Cash	200	
A/R	1,500	
Prepaid Advertising	400	
Supplies on Hand	3,000	
Equipment	9,600	
A/P		800
Capital		10,000
Drawing	3,600	
Service Fees		14,000
Rent Expense	5,500	
Wages Expense	1,000	
Total	24,800	24,800

The following additional information is available at December 31, 2009:

- a) The prepaid advertising covers the month Dec 2009 - March 2010.
- b) Supplies on hand at Dec 31 are \$1300.
- c) Annual Depreciation on the equipment is 1,200.
- d) Service fees earned but not yet billed at Dec 31 are \$400.
- e) Rent of \$500 for December has not yet been paid.
- f) Accrued wages at December 31 are \$150.

Prepare adjusting entries, adjusted trial balance & financial statements.

Q4) Alta Resort adjusts its accounts monthly and closes its account annually. Most guests of the resort pay at the time they check out, and the amounts collected as Rental Revenue. A few guests pay in advance for rooms, and these amounts are recorded as Unearned Rental Revenue at the time of receipt.

- a) Salaries earned by employees but not yet recorded or paid amount to \$7,900.
- b) As of December 31, Alta Resort has earned \$11,075 rental revenue from current guests who will be not be billed until they are ready to check out.
- c) On November 1, a suite of room was rented to a corporation for six months at a monthly rental of \$3,200. The entire six months' rent of \$19,200 was collected in advanced.
- d) A limousine to carry guests to and from the airport had been rented beginning December 19 from transport rental Inc. at a daily rate of \$120. No rental payment has yet been made.
- e) A six month loan in the amount of \$30,000 had been obtained on December 1. Interest is to be computed at a rate of 10% per year and is payable when the loan is due. No interest has been paid and no interest expense has been recorded.
- f) Depreciation on the resort building is based on an estimated useful life of 30 years. The original cost of the building was \$1,755,000.
- g) In December, Alta Resort entered into an agreement to host the annual symposium of ACE (Americans for clean environment) in april of next year. The resorts expects to earn rental revenue of at least \$45,000.
- h) A one year fire insurance policy had been purchased on sep 1. The premium of \$7,200 for the entire life of the policy had been paid on sep 1.

Q1) The trial balance of state service Company at December 31, 2009, at the end of its fiscal year is presented below:

STATE SERVICE COMPANY
TRIAL BALANCE
DECEMBER 31, 2009

(unadjusted trial balance)

	D	C
Cash	\$198,000	
A/R	370,000	
Supplies	6,000	
F & F	100,000	
Acc Dep - F & F		40,000
Building	250,000	
Acc Dep - building		130,000
A/P		380,000
Unearned Service Revenue		45,000
Capital		293,000
Drawing	65,000	
Service Revenue		286,000
Salary expense	172,000	
Misc Expense	13,000	
Total	1,174,000	1,174,000

5 years life
20,000 per year
25 years

Furniture and fixture
→ 2 years life used.

Date needed for the adjusting entries include:

- Supplies on hand at year end, \$2,000.
- Dep on F & F, \$20,000. *per year (3 years life consumed of F & F) (14 years used)*
- Dep on building, \$10,000.
- Salaries owed but not yet paid, \$5,000.
- Accrued Service revenue, \$12,000. *(revenue earned and services taken advance so it is liability)*
- of the \$45,000 balance of unearned service revenue, \$32,000 was earned during the year 2009.

Prepare adjusting entries, adjusted trial balance & financial statements.

Q2) Journalize the adjusting entry needed at December 31 for each of the following independent situations.

- On July 1, when we collected \$10,000 rent in advance, we debited Cash and credited Unearned Rent Revenue. The tenant was paying for one year's rent in advance.
- The business owes interest expense of \$400, which it will pay early in the next period.
- Interest revenue of \$700 has been earned but not yet received. The business holds a \$20,000 note receivable.
- Salary expense is \$1,500 per day—Monday through Friday—and the business pays employees each Friday. This year December 31 falls on a Wednesday.
- The unadjusted balance of the Supplies account is \$3,100. The cost of supplies on hand is \$1,200.
- Equipment was purchased last year at a cost of \$10,000. The equipment's useful life is four years. Record the year's depreciation.
- On September 1, when we prepaid \$1,200 for a two-year insurance policy, we debited Prepaid Insurance and credited Cash.