

**ACC1701X**  
**SEMESTER 1 2022 / 2023**

**LECTURE 03**

**IN-CLASS EXERCISE**

Food2U is a startup company that started in 2021. It is currently in its second year of operations in 2022.

(1) Prepare **journal entries** for the following transactions in **January 2022** (there is no need for journal entry description):

- a. On 10<sup>th</sup> January 2022, received \$3,500 in cash for services it has fully performed.
- b. On 15<sup>th</sup> January 2022, received \$5,600 in cash from its customer HungryPandas Company for services to be performed in March 2022.
- c. On 16<sup>th</sup> January 2022, bought insurance for its fleet of delivery cars and paid \$500 in cash. Coverage of the insurance will start on 1<sup>st</sup> March 2022 until 31<sup>st</sup> December 2022.
- d. On 20<sup>th</sup> January, bought a new cooking equipment costing \$1,250 on credit from its supplier Chef-n-Gadgets Company.

(2) Prepare **adjusting journal entries (AJEs)** for the following transactions as at **31<sup>st</sup> March 2022**:

- a. Food2U fully performed its services to HungryPandas Company in March.
- b. Food2U has not recorded insurance for its fleet of cars for the month of March.
- c. Food2U owes its delivery employee \$280 in March wages, which it plans to pay in April.
- d. Depreciation allocation for March 2022 for the cooking equipment it recently bought is \$30.
- e. Food2U provided service to a customer for \$690 in March. Customer promises to pay in April 2022.