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DEPT: BSCS

Accounting Assignment: 03

Question #1:

Solution:-

1. Insurance expires at the rate of \$100 per month.

Adjustment Entry:

	Dr	Cr
Insurance Expense	\$100	
Prepaid Expense		\$100

2. Supplies on hand total \$800.

Given that the supplies initially had a debit balance of \$2,800 the supplies used during the month can be calculated as follows:

$$\text{Supplies used} = 2800 - 800 = 2000$$

Adjustment Entry:

	Dr	Cr
Supplies Expense	2000	
Supplies		2000

3. The equipment depreciates 200 a month.

Adjustment Entry:		
Depreciation Expense	Dr	200
Accumulated Depreciation		Cr 200

4. One-half of the unearned service revenue was earned in March.

$$\text{Earned Revenue} = \frac{9200}{2} = 4600$$

Adjustment Entry:		
Unearned Service Revenue	Dr	4600
Service Revenue		Cr 4600

Adjusting Entry

Particular	Debit	Credit
1) Insurance Expense	100	
Prepaid Insurance		100
2) Supplies Expense	2000	
Supplies		2000
3) Depreciation Expense	200	
Accumulated Depreciation		200
4) Unearned Service Revenue	4600	
Service Revenue		4600

Question: 02
Solution:-

1)	Adjustment Entry	Dr	Cr
	Salaries Expense	800	
	Salaries Expense		800

2) Annual interest: $30000 \times 10\% = 3,000$
Monthly interest: $\frac{3000}{12} = 250$

Adjustment Entry	Dr	Cr
Interest Expense	250	
Interest Payable		250

3) Revenue earned but unrecorded for Aug totaled 1100

Adjustment Entry	Dr	Cr
Acc. Receivable	1100	
Revenue		1100

Adjusting Entries

Particular	Debit	Credit
1) Salaries Expense	800	
Salaries Payable		800
2) Accrued Expense	250	
Interest Payable		250
3) Acc. Receivable	1100	
Revenue		1100

"The End"