

Day 08 (Principles of Accounting):

Chapter # 3

(LO 2, 3) The Green Thumb Lawn Care Company began operations on April 1. At April 30, the trial balance shows the following balances for selected accounts.

Prepaid Insurance	\$ 3,600
Equipment	28,000
Notes Payable	20,000
Unearned Service Revenue	4,200
Service Revenue	1,800

Analysis reveals the following additional data.

1. Prepaid insurance is the cost of a 2-year insurance policy, effective April 1.
2. Depreciation on the equipment is \$500 per month.
3. The note payable is dated April 1. It is a 6-month, 12% note.
4. Seven customers paid for the company's 6-month lawn service package of \$600 beginning in April. The company performed services for these customers in April.
5. Lawn services performed for other customers but not recorded at April 30 totaled \$1,500.

Instructions

Prepare the adjusting entries for the month of April. Show computations.

<u>Date or SL#</u>	<u>Account Title and Explanations</u>	<u>Dr.</u>	<u>Cr.</u>
1	Insurance Expense Prepaid Insurance	\$150	\$150
2	Depreciation Expense Accumulated Depreciation	500	500
3	Interest Expense Interest Payables	200	200
4	Unearned Service Revenue Service Revenue	700	700
5	Accounts Receivable Service Revenue	1,500	1,500