

Journalizing and posting adjustments to T-accounts; preparing the adjusted trial balance (L.O. 3, 4)

Journalizing and posting adjustments to T-accounts; preparing the adjusted trial balance (L.O. 3, 4)

The trial balance of Insurors of Texas at October 31, 19X2, and the data needed for the month-end adjustments are on page 132.

Adjustment data:

- a. Prepaid rent still in force at October 31, \$400.
- b. Supplies used during the month, \$440.
- c. Depreciation for the month, \$700.
- d. Accrued advertising expense at October 31, \$320. (Credit Accounts Payable.)
- e. Accrued salary expense at October 31, \$180.
- f. Unearned commission revenue still unearned at October 31, \$2,000.

Required

1. Open T-accounts for the accounts listed in the trial balance, inserting their October 31 unadjusted balances.

Chapter 3 Measuring Business Income: The Adjusting Process

**Insurors of Texas
Trial Balance
October 31, 19X2**

Cash	\$1,460	
Accounts receivable	14,750	
Prepaid rent	3,100	
Supplies	780	
Furniture	22,370	
Accumulated depreciation		\$11,640
Accounts payable		1,940
Salary payable		
Unearned commission revenue		2,290
Peggy Bailes, capital		24,140
Peggy Bailes, withdrawals	2,900	
Commission revenue		8,580
Salary expense	2,160	
Rent expense		
Utilities expense	340	
Depreciation expense		
Advertising expense	730	
Supplies expense		
Total	<u>\$48,590</u>	<u>\$48,590</u>

2. Journalize the adjusting entries and post them to the T-accounts. Key the journal entries and the posted amounts by letter.
3. Prepare the adjusted trial balance.

✓ **Problem 3-6A** *Preparing the financial statements from an adjusted trial balance (L.O. 5)*

The adjusted trial balance of Tradewinds Travel Designers at December 31, 19X6, follows:

**Tradewinds Travel Designers
Adjusted Trial Balance
December 31, 19X6**

Cash	\$ 3,320	
Accounts receivable	11,920	
Supplies	2,300	
Prepaid rent	600	
Office equipment	21,180	
Accumulated depreciation—office equipment		\$ 4,350
Office furniture	17,680	
Accumulated depreciation—office furniture		4,870
Accounts payable		3,640
Property tax payable		1,100
Interest payable		830
Unearned service revenue		620
Note payable		27,500
Monica Gillen, capital		6,090
Monica Gillen, withdrawals	44,000	
Service revenue		127,880
Depreciation expense—office equipment	6,680	
Depreciation expense—office furniture		
Salary expense	2,370	
Rent expense	39,900	
Interest expense	14,400	
Utilities expense	3,100	
Insurance expense	2,670	
Supplies expense	3,810	
Total	<u>\$176,880</u>	<u>\$176,880</u>

Required

Prepare Tradewinds' 19X6 income statement, statement of owner's equity, and balance sheet. List expenses in decreasing order on the income statement and show total liabilities on the balance sheet. Draw the arrows linking the three financial statements.

Problem 3-7A

Preparing an adjusted trial balance and the financial statements (L.O. 3, 4, 5)

The unadjusted trial balance of Joe Heider, Attorney, at July 31, 19X2, and the related month-end adjustment data are as follows:

T.S.



**Joe Heider, Attorney
Trial Balance
July 31, 19X2**

Cash	\$14,600	
Accounts receivable	11,600	
Prepaid rent	3,600	
Supplies	800	
Furniture	16,800	
Accumulated depreciation		\$ 3,500
Accounts payable		3,450
Salary payable		
Joe Heider, capital		38,650
Joe Heider, withdrawals	4,000	
Legal service revenue		8,750
Salary expense	2,400	
Rent expense		
Utilities expense	550	
Depreciation expense		
Supplies expense		
Total	\$54,350	\$54,350

Adjustment data:

- Prepaid rent expired during the month. The unadjusted prepaid balance of \$3,600 relates to the period July through October.
- Supplies on hand at July 31, \$500.
- Depreciation on furniture for the month. The estimated useful life of the furniture is four years.
- Accrued salary expense at July 31 for one day only. The five-day weekly payroll is \$1,000.
- Accrued legal service revenue at July 31, \$700.

Required

- Write the trial balance on a sheet of paper similar to Exhibit 3-5 and prepare the adjusted trial balance of Joe Heider, Attorney, at July 31, 19X2. Key each adjusting entry by letter.
- Prepare the income statement, the statement of owner's equity, and the balance sheet. Draw the arrows linking the three financial statements.

66050
57800
8250

Problem 3-8A

Journalizing and posting adjustments to four-column accounts; preparing the adjusted trial balance and the financial statements (L.O. 3, 4, 5)

T.S.



The trial balance of Foster Cleaning Service at July 31, 19X3, and the data needed to make the year-end adjustments are as follows:

- At July 31 the business has earned \$1,420 of service revenue that has not yet been recorded.
- Supplies used during the year totaled \$3,060.
- Prepaid rent still in force at July 31 is \$1,040.
- Depreciation for the year is based on cleaning equipment costing \$37,300 and an estimated useful life of 10 years.
- The entity cleans the carpets of a large apartment complex that pays in advance. At July 31 the entity has earned \$2,210 of the unadjusted balance of Unearned Service Revenue.
- At July 31 the business owes its employees accrued salaries for two-thirds of a four-week payroll. Total payroll for the four weeks is \$2,670.

Required

- Open the accounts listed in the trial balance, inserting their July 31 unadjusted balances. Use four-column accounts. The following accounts have experienced no activity during the month, so their balances should be dated July 1: Supplies, Prepaid Rent, Accumulated Depreciation, and Unearned Service Revenue.

Foster Cleaning Service Trial Balance July 31, 19X3

Account No.			
101	Cash	\$ 1,010	
121	Accounts receivable	6,200	
131	Supplies	3,400	
133	Prepaid rent	1,890	
141	Cleaning equipment	37,300	
151	Accumulated depreciation		\$ 14,360
201	Accounts payable		6,410
211	Salary payable		
221	Unearned service revenue		3,110
301	J. B. Foster, capital		14,310
302	J. B. Foster, withdrawals		
401	Service revenue	40,100	
501	Salary expense		91,060
504	Depreciation expense	32,150	
506	Supplies expense		
509	Rent expense		
511	Utilities expense	6,000	
	Total	<u>1,200</u>	
		<u>\$129,250</u>	<u>\$129,250</u>

- Journalize the adjusting entries, using page 4 of the journal.
- Post the adjusting entries to the ledger accounts, using all posting references.
- Prepare the adjusted trial balance at July 31.
- Prepare the income statement, the statement of owner's equity, and the balance sheet. Draw the arrows linking the three financial statements.

Problem 3-5B*Journalizing and posting adjustments to T-accounts; preparing the adjusted trial balance (L.O. 3, 4)*

The trial balance of Griffin Realty at August 31 of the current year and the data needed for the month-end adjustments follow.



Adjustment data:

- Prepaid rent still in force at August 31, \$620.
- Supplies used during the month, \$300.
- Depreciation for the month, \$400.
- Accrued advertising expense at August 31, \$110. (Credit Accounts Payable.)
- Accrued salary expense at August 31, \$550.
- Unearned commission revenue still unearned at August 31, \$1,670.

**Griffin Realty
Trial Balance
August 31, 19X6**

Cash.....	\$ 2,200	
Accounts receivable	23,780	
Prepaid rent	2,420	
Supplies	1,180	
Furniture	19,740	
Accumulated depreciation		\$ 3,630
Accounts payable		2,410
Salary payable		
Unearned commission revenue		2,790
Tom Griffin, capital		39,510
Tom Griffin, withdrawals	4,800	
Commission revenue		11,700
Salary expense	3,800	
Rent expense		
Utilities expense	550	
Depreciation expense		
Advertising expense	1,570	
Supplies expense		
Total.....	<u>\$60,040</u>	<u>\$60,040</u>

Required

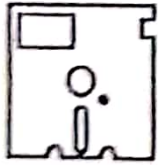
- Open T-accounts for the accounts listed in the trial balance, inserting their August 31 unadjusted balances.
- Journalize the adjusting entries and post them to the T-accounts. Key the journal entries and the posted amounts by letter.
- Prepare the adjusted trial balance.

Problem 3-6B

*Preparing the financial statements from an adjusted trial balance
(L.O. 5)*

The adjusted trial balance of Blaine Delivery Services at December 31, 19X8 follows:

✓ **Problem 3-7B** *Preparing an adjusted trial balance and the financial statements*
(L.O. 3, 4, 5)



Consider the unadjusted trial balance of Terri Peterson, Audio Therapist, at October 31, 19X2, and the related month-end adjustment data.

Adjustment data:

- a. Prepaid rent expired during the month. The unadjusted prepaid balance of \$4,000 relates to the period October through January.
- b. Supplies on hand at October 31, \$400.
- c. Depreciation on furniture for the month. The furniture's expected useful life is five years.
- d. Accrued salary expense at October 31 for one day only. The five-day weekly payroll is \$1,500.
- e. Accrued consulting service revenue at October 31, \$1,000.

Terri Peterson, Audio Therapist
Trial Balance
October 31, 19X2

Cash	\$16,300	
Accounts receivable	8,000	
Prepaid rent	4,000	
Supplies	600	
Furniture	15,000	
Accumulated depreciation		\$ 3,000
Accounts payable		2,800
Salary payable		
Terri Peterson, capital		36,000
Terri Peterson, withdrawals	3,600	
Consulting service revenue		7,400
Salary expense	1,400	
Rent expense		
Utilities expense	300	
Depreciation expense		
Supplies expense		
Total	<u>\$49,200</u>	<u>\$49,200</u>

Required

1. Write the trial balance on a sheet of paper, using as an example Exhibit 3-5, and prepare the adjusted trial balance of Terri Peterson, Audio Therapist, at October 31, 19X2. Key each adjusting entry by letter.
2. Prepare the income statement, the statement of owner's equity, and the balance sheet. Draw the arrows linking the three financial statements.

Problem 3-8B *Journalizing and posting adjustments to four-column accounts; preparing the adjusted trial balance and the financial statements (L.O. 3, 4, 5)*

The trial balance of Air-Tite Security Service at May 31, 19X3 is on page 140. The data needed to make the year-end adjustments follow.

Adjustment data:

- a. At May 31 the business has earned \$1,000 service revenue that has not yet been recorded.
- b. Supplies used during the year totaled \$5,650.
- c. Prepaid rent still in force at May 31 is \$330.
- d. Depreciation for the year is based on tools and installation equipment costing \$27,900 and having an estimated useful life of 9 years.
- e. Air-Tite installs locks in a large apartment complex that pays in advance. At May 31 the entity has earned \$3,600 of the unadjusted balance of Unearned Service Revenue.
- f. At May 31 the business owes its employees accrued salaries for half a four-week payroll. Total payroll for the four weeks is \$2,600.

Air-Tile Security Service
Trial Balance
May 31, 19X3

**Account
No.**

		\$ 3,260	
101	Cash	4,700	
112	Accounts receivable	7,700	
127	Supplies	1,430	
129	Prepaid rent	27,900	
143	Equipment		\$ 12,150
154	Accumulated depreciation		4,240
211	Accounts payable		
221	Salary payable		5,810
243	Unearned service revenue		7,030
301	Thomas King, capital	34,800	
311	Thomas King, withdrawals		80,610
401	Service revenue	28,800	
511	Salary expense		
513	Depreciation expense		
515	Supplies expense		
519	Rent expense	1,300	
521	Utilities expense	<u>\$109,890</u>	<u>\$109,890</u>
	Total		

Required

1. Open the accounts listed in the trial balance, inserting their May 31 unadjusted balances. Use four-column accounts. The following accounts have experienced no activity during the month, so their balances should be dated May 1: Supplies, Prepaid Rent, Accumulated Depreciation, and Unearned Service Revenue.
2. Journalize the adjusting entries, using page 7 of the journal.
3. Post the adjusting entries to the ledger accounts, using all posting references.
4. Prepare the adjusted trial balance at May 31.
5. Prepare the income statement, the statement of owner's equity, and the balance sheet. Draw the arrows linking the three financial statements.