

Bókhald

Pétur

September 18, 2018

E3.3

Carillo Painting collected £108,000 from customers in 2020. Of the amount collected, £25,000 was for services performed in 2019. In addition, Carillo performed services worth £36,000 in 2020, which will not be collected until 2021.

Carillo Painting also paid £72,000 for expenses in 2020. Of the amount paid, £30,000 was for expenses incurred on account in 2019. In addition, Carillo incurred £42,000 of expenses in 2020, which will not be paid until 2021.

a) Compute 2020 cash-basis(Greðslugrunnur) net income.

$$£133,000 = £108,000 + £25,000$$

b) Compute 2020 accrual-basis(Rekstragrunnur) net income

$$£108,000$$

E3.4

E3.4 (LO 1, 2, 3) Yilmaz A.Ş. encounters the following situations:

Identify the type of adjusting entry needed.

1. Yilmaz collects ₺1,300 from a customer in 2020 for services to be performed in 2021.
2. Yilmaz incurs utility expense which is not yet paid in cash or recorded.
3. Yilmaz's employees worked 3 days in 2020 but will not be paid until 2021.
4. Yilmaz performs services for customers but has not yet received cash or recorded the transaction.
5. Yilmaz paid ₺2,800 rent on December 1 for the 4 months starting December 1.
6. Yilmaz received cash for future services and recorded a liability until the service was performed.
7. Yilmaz performed consulting services for a client in December 2020. On December 31, it had not billed the client for services provided of ₺1,200.
8. Yilmaz paid cash for an expense and recorded an asset until the item was used up.
9. Yilmaz purchased ₺900 of supplies in 2020; at year-end, ₺400 of supplies remain unused.
10. Yilmaz purchased equipment on January 1, 2020; the equipment will be used for 5 years.
11. Yilmaz borrowed ₺12,000 on October 1, 2020, signing an 8% one-year note payable.

Instructions

Identify what type of adjusting entry (prepaid expense, unearned revenue, accrued expense, or accrued revenue) is needed in each situation at December 31, 2020.

E3.5

E3.5 (LO 2, 3) Hwang Ltd. has the following balances in selected accounts on December 31, 2020.

Prepare adjusting entries from selected data.

Accounts Receivable	NT\$ -0-
Accumulated Depreciation—Equipment	-0-
Equipment	7,000
Interest Payable	-0-
Notes Payable	10,000
Prepaid Insurance	2,100
Salaries and Wages Payable	-0-
Supplies	2,450
Unearned Service Revenue	32,000

All the accounts have normal balances. The information below has been gathered at December 31, 2020.

1. Hwang borrowed NT\$10,000 by signing a 9%, one-year note on September 1, 2020.
2. A count of supplies on December 31, 2020, indicates that supplies of NT\$900 are on hand.
3. Depreciation on the equipment for 2020 is NT\$1,000.
4. Hwang paid NT\$2,100 for 12 months of insurance coverage on June 1, 2020.
5. On December 1, 2020, Hwang collected NT\$32,000 for consulting services to be performed from December 1, 2020, through March 31, 2021.
6. Hwang performed consulting services for a client in December 2020. The client will be billed NT\$4,200.
7. Hwang pays its employees total salaries of NT\$9,000 every Monday for the preceding 5-day week (Monday through Friday). On Monday, December 29, employees were paid for the week ending December 26. All employees worked the last 3 days of 2020.

Instructions

Prepare annual adjusting entries for the seven items described above.

E3.17

E3.17 (LO 2, 3, 4) The trial balances before and after adjustment for Matusiak OAO at the end of its fiscal year are presented below.

Prepare adjusting entries from analysis of trial balances.

Matusiak OAO Trial Balance August 31, 2020				
	<u>Before Adjustment</u>		<u>After Adjustment</u>	
	<u>Dr.</u>	<u>Cr.</u>	<u>Dr.</u>	<u>Cr.</u>
Cash	€10,400		€10,400	
Accounts Receivable	8,800		11,200	
Supplies	2,300		700	
Prepaid Insurance	4,000		2,500	
Equipment	14,000		14,000	
Accumulated Depreciation—Equipment		€ 3,600		€ 4,500
Accounts Payable		5,800		5,800
Salaries and Wages Payable		–0–		1,100
Unearned Rent Revenue		1,500		400
Owner's Capital		15,600		15,600
Service Revenue		34,000		36,400
Rent Revenue		11,000		12,100
Salaries and Wages Expense	17,000		18,100	
Supplies Expense	–0–		1,600	
Rent Expense	15,000		15,000	
Insurance Expense	–0–		1,500	
Depreciation Expense	<u>–0–</u>		<u>900</u>	
	<u>€71,500</u>	<u>€71,500</u>	<u>€75,900</u>	<u>€75,900</u>

Instructions

Prepare the adjusting entries that were made.