

Chapter 3

E3-5

Devin Wolf Company
Adjusting entries

Date	Particulars	Ref	Dr \$(\\$)	Cr \$(\\$)
2017 Sept 1	Interest expense dr		300	
Dec 31	Interest payable cr			300
	($10000 \times 9\% \times 4$) / 12			
2017 Dec 31	Supplies expense dr		1550	
	Supplies cr			1550
	(To record supplies expense)			
2017 Dec 31	Depreciation expense dr		1000	
	Accumulated depreciation cr			1000
	(To record depreciation expense)			
2017 Dec 31	Insurance expense dr		1225	
	Prepaid insurance cr			1225
	($(2100 / 12) \times 7$)			
2017 Dec 31	Unearned service revenue dr		8000	
	Service revenue cr			8000
	($32000 / 4$)			
2017 Dec 31	A/R dr		4200	
	Service revenue cr			4200
	(To record service revenue)			
2017 Dec 31	Salaries expenses dr		5400	
	Salaries payable cr			5400
	(To record salary expense)			
			<u>21675</u>	<u>21675</u>

E3-6

- a) 1. Accrued revenue
2. Prepaid revenue
3. Accrued expense
4. Unearned revenue
5. Accrued expense
6. Prepaid expense

- b) 1. Revenues understatement
2. Expense understatement
3. Expense understatement
4. Liabilities overstatement
5. Expense understatement
6. Assets over statement

E-3.7

Passehl Rental Agency
Adjusting entries

Date	Particulars	Dr	Dr (\$)	Cr (\$)
March 31	Depreciations expenses Accumulated depreciation (900×3)	dr cr	1200 1200	
March 31	Unearned rent revenue Rent revenue (10200 / 3)	dr cr	3400 3400	
March 31	Interest expense Interest payable (To record interest expenses)	dr cr	500 500	
March 31	Supplies expense Supplies (To record supplies expense)	dr cr	2050 2050	
March 31	Insurance expense Prepaid insurance (300×3)	dr cr	900 900	
			<u>8050</u>	<u>8050</u>

E8-8

Meghan Lindh
Adjusting entries

Date	Particulars	Ref	Dr \$(\\$)	Cr \$(\\$)
2017 Jan 31	A/R Dr Service revenue Cr (To record service revenue)		875	875
2017 Jan 31	Utilities expenses Dr Utilities payable Cr (To record utilities expenses)		650	650
2017 Jan 31	Depreciation expense Dr Accumulated depreciation Cr (To record depreciation expense)		400	400
	Interest expense Dr Interest payable Cr (To record interest expense)		500	500
2017 Jan 31	Insurance expense Dr Prepaid insurance Cr (24000/12)		2000	2000
2017 Jan 31	Supplies expenses Dr Supplies Cr (To record supplies expenses)		1200	1200
			<u>5625</u>	<u>5625</u>

EB-9

Pioneer Advertising
Adjusting entries

Date	Particulars	Ref	Dr (\$)	Cr (\$)
2017 Oct 31	Supplies Expenses Supplies (To record supplies expenses)	Dr Cr	2000	2000
2017 Oct 31	Insurance expenses Prepaid insurance (To record insurance expenses)	Dr Cr	120	120
2017 Oct 31	Depreciation expenses Accumulated depreciation (To record depreciation expenses)	Dr Cr	50	50
2017 Oct 31	Unearned revenue Service revenue (To record service revenue)	Dr Cr	600	600
2017 Oct 31	A/R Service revenue (To record service revenue)	Dr Cr	360	360
2017 Oct 31	Interest expense Interest payable (To record interest expenses)	Dr Cr	95	95
2017 Oct 31	Salaries expenses Salaries payable (To record salaries expenses)	Dr Cr	1625	1625
			<u>4850</u>	<u>4850</u>

13-1A

Krause Consulting
Adjusting entries

Date	Particulars	Dr Cr	Dr (\$)	Cr (\$)
2017 May 31	Supplies expenses Supplies (To record supplies expenses)	Dr Cr	900	900
2017 May 31	Utilities expenses Utilities payable (To record utilities expenses)	Dr Cr	250	250
2017 May 31	Insurance expenses Prepaid insurance (3600 % 24)	Dr Cr	150	150
2017 May 31	Unearned revenue Service revenue (To record service revenue)	Dr Cr	1600	1600
2017 May 31	Salaries expenses Salaries payable $\{(920 \times 5)/3\} \times 2$	Dr Cr	1104	1104
2017 May 31	Depreciation expenses Accumulated depreciation (To record depreciation expense)	Dr Cr	190	190
2017 May 31	A/R Service revenue (To record service revenue)	Dr Cr	1700	1700
			<u>5894</u>	<u>5894</u>

13-2A

Mac's motel
Adjusting entries

Date	Particulars	Ref	Dr \$)	Cr \$(\\$)
2017 May 31	Insurance expenses Prepaid insurance (2400/12)	Dr Cr	200	200
2017 May 31	Supplies expenses Supplies (To record supplies expenses)	Dr Cr	1330	1330
2017 May 31	Depreciation expenses Accumulated depreciation building Accumulated depreciation equipment (3000/12) + (1500/12)	Dr Cr	375	250 125
2017 May 31	Mo. Interest expenses Interest payable (40000 % 12) / 12	Dr Cr	400	400
2017 May 31	Unearned revenue Rent revenue (3300 x 2) / 3	Dr Cr	2200	2200
2017 May 31	Salaries expenses Salaries payable (To record salaries expenses)	Dr Cr	750	750

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Thomas Magnum P.I
b) Classified Balance sheet
March 31, 2010

Particulars	Amount (\$)	Amount (\$)
<u>Assets</u>		
<u>Current assets</u>		
Cash	11400	
A/R	6150	
Supplies	380	
Pre paid insurance	<u>1800</u>	
Total current assets		19730
<u>Property, plant and equipment</u>		
Equipment	30000	
Less: Accumulated depreciation	<u>(1000)</u>	
Total assets		<u>29000</u>
<u>Liabilities and OE</u>		<u>48730</u>
<u>Liabilities</u>		
<u>Current liabilities</u>		
N/P	10000	
A/P	12350	
Interest payable	<u>300</u>	
Total liabilities		22650
<u>Owners equity</u>		
T.M Capital, March 31		<u>26080</u>
Total liabilities and OE		<u>48730</u>

Working

Beginning cap 20000

Net income 6680

Drawings (600)

March 31, Capital 26080

Thomas Magnum P.I

c) Adjusting entries

Date	Particulars	Ref	Dr (\$)	Cr (\$)
2010 March 31	Supplies expense dr Supplies cr (To record supplies expense)		670	670
2010 March 31	Depreciation expense dr Accumulated depreciation cr (To record depreciation expense)		1000	1000
2010 March 31	Interest expense dr Interest payable cr (To record interest expense)		300	300
2010 March 31	Insurance expense dr Prepaid insurance cr (200 x 3)		600	600
2010 March 31	A/R service revenue dr cr (To record service revenue)		530	530
			<u>3100</u>	<u>3100</u>

Thomas Magnum P.I
d) closing entries

Date	Particulars	Dr \$	Credit (\$)
2010 March 31	Revenue Income summary (To close revenue account)	Dr Cr	14150 14150
2010 March 31	Income summary Salaries expense Travel expense Rent expense Miscellaneous expense Supplies expense Depreciation expense Interest expense Insurance expense (To close expense account)	Dr Cr Cr Cr Cr Cr Cr Cr Cr	7470 2200 1300 1200 200 670 1000 300 600
2010 March 31	Income summary Owners capital (To close net income)	Dr Cr	6680 6680
2010 March 31	Owners Capital Drawings (To close drawings account)	Dr Cr	600 600 <u>28900</u> <u>28900</u>

a) Thomas Magnum P.T.
Work sheet

For the month ended

the month ended March 31