PRACTICE SET ADJUSTMENTS, WORKSHEET, AND STATEMENTS

I. DEBITS AND CREDITS

ANALYZING TRANSACTIONS

+ Owner's Equity

Liabilities

Unearned

f. On Tuesday, September 29, services had been finished for 2 students who promised to pay \$5 each on 10/5.

Accounts Receivable

10

Ironing Revenue Ironing Revenue

TRANSACTIONS

Assets

=

II. TRIAL BALANCE

JOURNALIZING

5

10

10

					Speedy Ironing Service Trial Balance			
_		ABILITIES +	OWNER' DR.	S EOUITY CR.	September 30, 19	91		
	+	+	-	+	Cash	\$105		
		1			Accounts Receivable	10		
					Prepaid Advertising	60		
		WITHDRAWALS	EXPENSES	REVENUE	Ironing Supplies	10		
		DR. CR.	DR. CR.	DR. CR.	Ironing Equipment	60		
		+ -	+ -	- +	Accounts Payable		\$ 15	
		1		1	Unearned Ironing Revenue		10	
					Linda Smith, Capital		150	
	Instructions: S	tudent should use the	he		Linda Smith, Withdrawals	30		
	appropriate Tria	al Balance figures a	nd		Ironing Revenue		170	
the information provided to analyze adjustments on the left and journal-				Rent Expense	50			
					Telephone Expense	20		
	ize on the right	. Journal entry				\$345	\$345	
	descriptions are	not required.						

III. ADJUSTING JOURNAL ENTRIES

Practice Set Adjustments - Wednesday, September 30, 1991

DR. CR. a. One month of scheduled advertising appeared in the school newspaper. See Transaction 2, page A8. 15 a. Advertising Expense Advertising Expense Prepaid Advertising 15 Prepaid Advertising 15 b. A count of Ironing Supplies revealed approximately \$5 worth on hand. Ironing Supplies Expense b. Ironing Supplies Expense Ironing Supplies 5 Ironing Supplies c. Depreciation was taken on equipment with a useful life of 5 years. Depreciation Expense Accumulated Depreciation c. Depreciation Expense Ironing Equipment Ironing Equipment Ironing Equipment Accumulated Depreciation 1 Ironing Equipment d. On Thursday, 10/1, Linda would pay her first employee, who worked Tuesday and Thursdays, \$12 for the week. d. Salaries Expense Salaries Payable Salaries Payable Salaries Expense 6 6 e. Ironing Services for one of the two students who had paid in advance had been performed as of 9/30/91.

Ironing Revenue

e. Unearned Ironing Revenue

Ironing Revenue

f. Accounts Receivable

Ironing Revenue

Instructions: The adjustments from Part III should be transposed into the adjustments columns of the worksheet. Check the correctness of the adjustments by verifying the Adjusted Trial Balance. Finally, the adjusted balances should be extended to make an Income Statement and Balance Sheet. Be sure to place the letter of the adjustment to the left of the amount as demonstrated with adjustment a.

IV. WORKSHEET

Trial Balance Cash 105 Accounts Receivable 10 Prepaid Advertising 60 Ironing Supplies 10 Ironing Equipment 60 Accounts Payable 15 Unearned Ironing Revenue 10 Capital, Linda Smith 150 Withdrawals, Linda Smith 30 Ironing Revenue 170 Rent Expense 50 Telephone Expense 20 Advertising Expense Ironing Supplies Expense Depreciation Expense, Ironing Equipment	Adjustments (f) 10 (a) 15 (b) 5 (e) 5 (f) 10	Adjusted Trial Balance 105 20 45 5 60 15 5 150 30 185	Income Statement 185	Balance Sheet 105 20 45 5 60 15 5 150
Accounts Receivable 10 Prepaid Advertising 60 Ironing Supplies 10 Ironing Equipment 60 Accounts Payable 15 Unearned Ironing Revenue 10 Capital, Linda Smith 150 Withdrawals, Linda Smith 30 Ironing Revenue 170 Rent Expense 50 Telephone Expense 20 Advertising Expense Ironing Supplies Expense Depreciation Expense,	(a) 15 (b) 5 (e) 5 (e) 5 (f) 10	20 45 5 60 15 5 150 30 185		20 45 5 60 15 5
Prepaid Advertising 60 Ironing Supplies 10 Ironing Equipment 60 Accounts Payable 15 Unearned Ironing Revenue 10 Capital, Linda Smith 150 Withdrawals, Linda Smith 30 Ironing Revenue 170 Rent Expense 50 Telephone Expense 20 Advertising Expense Ironing Supplies Expense Depreciation Expense,	(a) 15 (b) 5 (e) 5 (e) 5 (f) 10	45 5 60 15 5 150 30 185		45 5 60 15 5
Ironing Supplies 10 Ironing Equipment 60 Accounts Payable 15 Unearned Ironing Revenue 10 Capital, Linda Smith 150 Withdrawals, Linda Smith 30 Ironing Revenue 170 Rent Expense 50 Telephone Expense 20 Advertising Expense Ironing Supplies Expense Depreciation Expense,	(b) 5 (e) 5 (e) 5 (f) 10	5 60 15 5 150 30 185		5 60 15 5
Ironing Equipment 60 Accounts Payable 15 Unearned Ironing Revenue 10 Capital, Linda Smith 150 Withdrawals, Linda Smith 30 Ironing Revenue 170 Rent Expense 50 Telephone Expense 20 Advertising Expense Ironing Supplies Expense Depreciation Expense,	(e) 5 (e) 5 (f) 10	60 15 5 150 30 185		60 15 5 150
Accounts Payable 15 Unearned Ironing Revenue 10 Capital, Linda Smith 150 Withdrawals, Linda Smith 30 Ironing Revenue 170 Rent Expense 50 Telephone Expense 20 Advertising Expense Ironing Supplies Expense Depreciation Expense,	(e) 5 (f) 10	15 5 150 30 185		15 5 150
Unearned Ironing Revenue 10 Capital, Linda Smith 150 Withdrawals, Linda Smith 30 Ironing Revenue 170 Rent Expense 50 Telephone Expense 20 Advertising Expense Ironing Supplies Expense Depreciation Expense,	(e) 5 (f) 10	5 150 30 185		5 150
Capital, Linda Smith 150 Withdrawals, Linda Smith 30 Ironing Revenue 170 Rent Expense 50 Telephone Expense 20 Advertising Expense Ironing Supplies Expense Depreciation Expense,	(e) 5 (f) 10	150 30 185 50		150
Withdrawals, Linda Smith 30 Ironing Revenue 170 Rent Expense 50 Telephone Expense 20 Advertising Expense Ironing Supplies Expense Depreciation Expense,	(f) 10	30 185 50		
Ironing Revenue 170 Rent Expense 50 Telephone Expense 20 Advertising Expense Ironing Supplies Expense Depreciation Expense,	(f) 10	185		30
Rent Expense 50 Telephone Expense 20 Advertising Expense Ironing Supplies Expense Depreciation Expense,	(f) 10	50		
Telephone Expense 20 Advertising Expense Ironing Supplies Expense Depreciation Expense,			50	
Advertising Expense Ironing Supplies Expense Depreciation Expense,				
Advertising Expense Ironing Supplies Expense Depreciation Expense,		20	20	
Depreciation Expense,	(a) 15	15	15	
	(b) 5	5	5	
	(c) 1	1	11	
Accumulated Depreciation, Ironing Equipment	(c) 1	1		1
Salaries Expense	(d) 6	6	6	
Salaries Payable	(d)6 42	$\frac{6}{362}$ $\frac{6}{362}$	97 185	$\frac{6}{265}$ $\frac{6}{177}$
			88 185 185	88 265 265

V. ACCOUNTING STATEMENTS

Instructions: Use the Adjusted Trial Balance above to complete an Income Statement and Balance Sheet.

Speedy Ironing Service Income Statement For the Month Ended Sept. 30	Speedy Ironing Service Balance Sheet September 30, 1991				
Revenue: Ironing Revenue Operating Expenses: Rent \$50 Telephone 20 Advertising 15 Ironing Supplies 5 Depreciation Expense, Ironing Equipment 1	\$185	ASSETS Current Assets: Cash Accounts Receivabl Prepaid Advertisin Ironing Supplies Ironing Equipment Less Accumulated Depreciation	g 45 5	LIABILITIES Current Liabilities: Accounts Payable Unearned Ironing Revenue Salaries Payable Total Liabilities OWNER'S EQUITY Capital Sept. 1 \$150	\$15 5 6 \$26
Salaries 6 Total Operating Expenses Net Income	97 \$ 88	Total Assets	<u>\$234</u>	Income \$88 Withdrawals 30 58 Total Liabilities + Owner's Equity	208 \$234