

Principals of Accounting - 111

Chapter 6 & 7: Adjusting the Accounts and Preparing Worksheet

Use following trial balance to prepare the adjusting entries for Sayed Company at October 31, 2023.

1) Sayed Company purchased supplies costing BD2,500 on October 5. This account shows a balance of BD2,500 in the October 31 trial balance. An inventory count at the close of business on October 31 reveals that BD1,000 of supplies are still on hand.

Sayed Compnay				
Trial Balance				
October 3	31, 2023			
	Debit	Credit		
Cash	BD 15,200			
Supplies	2,500			
Prepaid Insurance	600			
Equipment	5,000			
Notes Payable		BD 5,000		
Accounts Payable		2,500		
Unearned Service Revenue		1,200		
Owner's Capital		10,000		
Owner's Drawings	500			
Service Revenue		10,000		
Salaries and Wages Expense	4,000			
Rent Expense	900			
Total	BD 28,700	BD 28,700		

Account Titles	Debit	Credit
_	Account Titles	Account Titles Debit

2) On October 4, Sayed Company paid BD600 for a one-year fire insurance policy. Coverage began on October 1. This account shows a balance of BD600 in the October 31 trial balance.

Date	Account Titles	Debit	Credit

) Suyou ev	ompany, assume that depreciation on the equipment is BD480	0 a year.	
Date	Account Titles	Debit	Credit
	ompany received BD1,200 on October 2 from Rabab for adapteted by December 31. Analysis reveals that the company peter.	_	-
Date	Account Titles	Debit	Credit
-	ompany signed a three-month note payable in the amount of Faires the company to pay interest at an annual rate of 12%.	3D5,000 on (October 1. The
-		3D5,000 on (October 1. The
note requ	tires the company to pay interest at an annual rate of 12%.		
note requ	tires the company to pay interest at an annual rate of 12%.		

6)	Sayed Company had a salaries expense of BD1,200 not paid yet (Accrued Salaries).	

Account Titles	Debit	Credit
	Account Titles	Account Titles Debit

7) In October Sayed Company performed services worth BD200 that were not billed to clients on or before October 31.

Date	Account Titles	Debit	Credit

Example (1) Page (130):

Hassan started his business on Jan, 1 2020. The trail balance at Jan, 31 2020 is shown below.

Hassan Company Trial Balance As at Jan, 31 2020

Account Title	Debit BD	Credit BD
Cash	8,500	
Account Receivable	5,000	
Supplies	2,500	
Prepaid Insurance	4,200	
Equipment	25,000	
Account Payable		5,000
Unearned Service Revenues		6,000
Capital		33,700
Drawings	1,000	
Services Revenues		10,500
Rent Expenses	2,000	
Salaries Expenses	7,000	
Total	55,200	55,200

Other Data:

- 1. Supplies on hand at Jan, 31 are BD1,500.
- 2. The insurance policy is for a year.
- 3. BD500 of unearned services revenues has been earned at the end of the month.
- 4. Accrued salaries BD1,600 at Jan, 31.
- 5. The equipment has a 5 year life with salvage value BD1,000.
- 6. Performed services for BD3,500 during the month have not been recorded as of Jan, 31.

Required: Prepare the adjusting entries for the month ended on Jan, 31 2020.

Date	Account Titles	Debit	Credit

Example (2) Page 132:

Omar Advertising Agency trial balances as follows:

Omar Advertising Agency Trial Balance December 31, 2020

Account Title	Debit BD	Credit BD
Cash	10,200	
Account Receivable (Debtors)	6,800	
Prepaid Insurance	2,400	
Supplies	1,300	
Notes Receivable	6,000	
Equipment	20,000	
Notes Payable		10,000
Account Payable (Creditors)		2,400
Omar, Capital		28,000
Omar, Drawings	1,000	
Service Revenues		8,900
Rent Revenue		2,000
Salaries Expenses	3,200	
Advertising Expenses	400	
Total	51,300	51,300

The following are the adjusting data at the end of December 31, 2020:

- 1. Salaries Expenses of BD800 are not paid yet.
- 2. BD750 of supplies has been used.
- **3.** Expired insurance for the period is BD400.
- **4.** Depreciation to be charged at 10% per annum on the original cost of equipment, the expected salvage value is BD5,000. Omar Advertising Agency is using a straight-line method.
- 5. The date of notes payable is October 1, 2020 for 10% annually interest, but not paid yet.

Required: Prepare the adjusting entries for the year ending December 31, 2020.

Date	Account Titles	Debit	Credit

Example (1) Page (43): Same Data as Example (1) Page (130) in Chapter 6:

Hassan started his business on Jan, 1 2020. The trail balance at Jan, 31 2020 is shown below.

Hassan Company Trial Balance As at Jan, 31 2020

Account Title	Debit BD	Credit BD
Cash	8,500	
Account Receivable	5,000	
Supplies	2,500	
Prepaid Insurance	4,200	
Equipment	25,000	
Account Payable		5,000
Unearned Service Revenues		6,000
Capital		33,700
Drawings	1,000	
Services Revenues		10,500
Rent Expenses	2,000	
Salaries Expenses	7,000	
Total	55,200	55,200

Other Data:

- A) Supplies on hand at Jan, 31 are BD1,500.
- **B)** The insurance policy is for a year.
- C) BD500 of unearned services revenues has been earned at the end of the month.
- **D)** Accrued salaries BD1,600 at Jan, 31.
- E) The equipment has a 5 year life with salvage value BD1,000.
- F) Performed services for BD3,500 during the month have not been recorded as of Jan, 31.

Required: Prepare the adjusting entries for the month ended on Jan, 31 2020.

Date	Account Titles	Debit	Credit

Complete the worksheet for the month ended on Jan, 31 2020. (NEXT PAGE

Accounts	Trial Balance		Adjustments		Adjusted Trial Balance		Income Statement		Balance Sheet	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Cash	8,500									
Account Receivable	5,000									
Supplies	2,500									
Prepaid Insurance	4,200									
Equipment	25,000									
Account Payable		5,000								
Unearned Service Revenues		6,000								
Capital		33,700								
Drawings	1,000									
Services Revenues		10,500								
Rent Expenses	2,000									
Salaries Expenses	7,000									
Total	55,200	55,200								
Total										
Total										