

**BX3-1 Transactions for Mehta Company for the month of May are presented below. Prepare journal entries for each of these transactions.**

May 1 B.D. Mehta invests \$4,000 cash in exchange for common stock in a small welding corporation.

May 3 Buys equipment on account for \$1,100.

May 13 Pays \$400 to landlord for May rent.

May 21 Bills Noble Corp. \$500 for work done.

	Description	Debit	Credit
May 1	Cash	4000	
	Common Stock		4000
May 3	Equipment	1100	
	Accounts payable		1100
May 13	Rent expense	400	
	cash		400
May 21	Accounts receivable	500	
	Service revenue		500

**BE3-2 Agazzi Repair Shop had the following transactions during the first month of business as a proprietorship. Journalize the transactions.**

1) Aug. 2 Invested \$12,000 cash and \$2,500 of equipment in the business.

2) 7 Purchased supplies on account for \$500.

3) 12 Performed services for clients, for which \$1,300 was collected in cash and \$670 was billed to the clients.

4) 15 Paid August rent \$600.

5) 19 Counted supplies and determined that only \$270 of the supplies purchased on August 7 are still on hand.

	Description	Debit	Credit
Aug 2	Cash	12000	
	Equipment	2500	
	Capital		14500
Aug 7	Supplies	500	
	Accounts payable		500

Aug 12	Cash	1300	
	Accounts receivable	670	
	Service revenue		1970
Aug 15	Rent expense	600	
	Cash		600
Aug 19	Supplies expense	230	
	Supplies (\$500-\$270)		230

**BE3-3** On July 1, 2014 Crowe Co. pays \$15000 to Zubin Insurance Co. for a 3-year Insurance policy. Both companies have fiscal years ending December 31. For Crowe Co., Journalize the entry on July 1 and the adjusting entry on December 31

July	1	Prepaid Insurance.....	15,000	
		Cash.....		15,000
Dec.	31	Insurance Expense (\$15,000 X 1/2 X 1/3)	2,500	
		Prepaid Insurance		2,500

**BE3-4** Using the data in BE3-3, Journalize the entry on July 1 and the adjusting entry on December 31 for Zubin Insurance Co.

July	1	Cash	15,000	
		Unearned Service Revenue .....		15,000
Dec.	31	Unearned Service Revenue.....	2,500	
		Service Revenue(\$15,000 X 1/2 X 1/3)		2,500

**BE 3-5** Assume that on February 1, Procter & Gamble (P&G) paid \$720000 in advance for 2 years' insurance coverage. Prepare P&G'S February 1 journal entry and the annual adjusting entry on June 30

Feb.	1	Prepaid Insurance.....	720,000	
		Cash.....		720,000
June	30	Insurance Expense (\$720,000 X 5/24)	150,000	
		Prepaid Insurance		150,000

**BE3-6** LaBouche Corporation owns a warehouse. On November 1, It rented storage space to a lessee (tenant) for 3 months for a total cash payment of \$2400 received in advance. Prepare LaBouche's November 1 journal entry and the December 31 annual adjusting entry.

Nov.	1	Cash	2,400	
		Unearned Rent Revenue .....		2,400
Dec.	31	Unearned Rent Revenue.....	1,600	
		Rent Revenue (\$2,400 X 2/3)		1,600

**BE3-7** Dresser Company's weekly payroll, paid on Fridays, totals \$8000. Employees work a 5-day week. Prepare Dresser's adjusting entry on Wednesday, December 31, and the Journal entry to record the \$8000 cash payment on Friday, January 2

Dec.	31	Salaries and Wages Expense (\$8,000 X 3/5)	4,800	
		Salaries and Wages Payable		4,800
Jan.	2	Salaries and Wages Payable.....	4,800	
		Salaries and Wages Expense .....	3,200	
		Cash		8,000

**BE3-8** Include in Gonzalez Company's December 31 trail balance is a note receivable of \$12000. The note is a 4-month, 10% note dated October 1. Prepare Gonzalez's December 31 adjusting entry to record #300 of accrued interest, and the February 1 journal entry to record receipt of \$12400 from the borrower.

Dec.	31	Interest Receivable .....	300	
		Interest Revenue .....		300
Feb.	1	Cash	12,400	
		Notes Receivable .....		12,000
		Interest Receivable .....		300
		Interest Revenue .....		100

**BE3-9 Prepare the following adjusting entries at August 31 for Walgreens**

- (a) Interest on notes payable of \$300 is accrued
- (b) Services performed but unbilled yet total \$1400
- (c) unpaid Salaries and wages totaled \$700
- (d) Bad debt expense for year is \$900

a	Interest expense	300	
	Interest payable		300
b	Accounts receivable	1400	
	Service revenue		1400
c	Salaries expense	700	
	Salaries payable		700

d	Bad Debt Expense	900	
	Allowance for Doubtful Accounts		900

**BE3-10** At the end of its first year of operations, the trail balance of Alonzo Company shows Equipment \$30000 and zero balances of Accumulated Depreciation-Equipment and Depreciation Expense. Depreciation for the year is estimated to be \$2000. Prepare the adjusting entry for depreciation at December 31, and indicate the Balance sheet presentation for the equipment at December 31

Depreciation Expense .....	2,000	
Accumulated Depreciation—Equipment.....		2,000

**Balance Sheet**

Equipment.....	\$30,000	
Less: Accumulated Depreciation—Equipment.....	<u>2,000</u>	\$28,000