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Adjusting Entries and the Work Sheet

DEMONSTRATION PROBLEM

The general ledger of Ross Carpenters contains the following account balances for the year ended December 31.

Cash	\$ 2,560	H. Ross, Capital	\$31,314
Accounts Receivable	7,428	H. Ross, Drawing	60,000
Prepaid Insurance	960	Income from Services	89,845
Equipment	4,270	Wages Expense	21,500
Accumulated Depreciation, Equipment	1,230	Rent Expense	4,800
Utilities Expense	1,344	Supplies Expense	1,218
Truck	21,550	Advertising Expense	1,216
Accumulated Depreciation, Truck	4,310	Insurance Expense	0
Accounts Payable	426	Depreciation Expense, Equipment	0
Wages Payable	0	Depreciation Expense, Truck	0
		Miscellaneous Expense	279

Since the firm has been in operation for longer than a year, Accumulated Depreciation, Equipment, and Accumulated Depreciation, Truck, have balances that should be included on the trial balance.

Data for the year-end adjustments are as follows:

- Wages accrued at December 31, \$448.
- Insurance expired during the year, \$768.
- Depreciation of equipment during the year, \$854.
- Depreciation of truck during the year, \$4,310.

Instructions

Complete the work sheet for the year.

SOLUTION

Ross Carpenters

Work Sheet

For the Year Ended December 31, 20—

	ACCOUNT NAME	TRIAL BALANCE		ADJUSTMENTS	
		DEBIT	CREDIT	DEBIT	CREDIT
1	<i>Cash</i>	2,560.00			
2	<i>Accounts Receivable</i>	7,428.00			
3	<i>Prepaid Insurance</i>	960.00			(b) 768.00
4	<i>Equipment</i>	4,270.00			
5	<i>Accumulated Depreciation, Equipment</i>		1,230.00		(c) 854.00
6	<i>Truck</i>	21,550.00			
7	<i>Accumulated Depreciation, Truck</i>		4,310.00		(d) 4,310.00
8	<i>Accounts Payable</i>		426.00		
9	<i>H. Ross, Capital</i>		31,314.00		
10	<i>H. Ross, Drawing</i>	60,000.00			
11	<i>Income from Services</i>		89,845.00		
12	<i>Wages Expense</i>	21,500.00		(a) 448.00	
13	<i>Rent Expense</i>	4,800.00			
14	<i>Supplies Expense</i>	1,218.00			
15	<i>Advertising Expense</i>	1,216.00			
16	<i>Utilities Expense</i>	1,344.00			
17	<i>Miscellaneous Expense</i>	279.00			
18		127,125.00	127,125.00		
19	<i>Wages Payable</i>				(a) 448.00
20	<i>Insurance Expense</i>			(b) 768.00	
21	<i>Depreciation Expense, Equipment</i>			(c) 854.00	
22	<i>Depreciation Expense, Truck</i>			(d) 4,310.00	
23				6,380.00	6,380.00
24					
25	<i>Net Income</i>				
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					

SOLUTION (continued)

ADJUSTED TRIAL BALANCE		INCOME STATEMENT		BALANCE SHEET		
DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	
2,560.00				2,560.00		1
7,428.00				7,428.00		2
192.00				192.00		3
4,270.00				4,270.00		4
	2,084.00				2,084.00	5
21,550.00				21,550.00		6
	8,620.00				8,620.00	7
	426.00				426.00	8
	31,314.00				31,314.00	9
60,000.00				60,000.00		10
	89,845.00		89,845.00			11
21,948.00		21,948.00				12
4,800.00		4,800.00				13
1,218.00		1,218.00				14
1,216.00		1,216.00				15
1,344.00		1,344.00				16
279.00		279.00				17
						18
	448.00				448.00	19
768.00		768.00				20
854.00		854.00				21
4,310.00		4,310.00				22
132,737.00	132,737.00	36,737.00	89,845.00	96,000.00	42,892.00	23
		53,108.00			53,108.00	24
		89,845.00	89,845.00	96,000.00	96,000.00	25
						26
						27
						28
						29
						30
						31
						32
						33
						34
						35