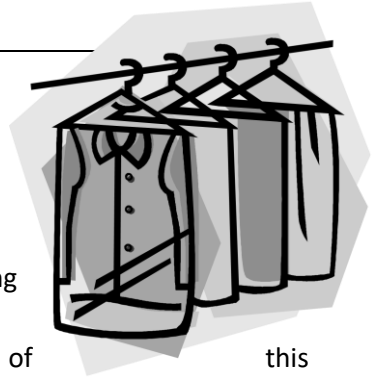


# Accounting Practice Packet

## David's D-Lux Drycleaning

David owns a cleaning business called David's D-Lux Drycleaning. The February 2019 adjusting entries for David's business can be found below. **Use this information to complete the journal entries below and the adjusted trial balance on the next page.**



this

- (a) Completed inventory and found that the amount of supplies on hand at the end of month was \$1,000, meaning that \$700 of supplies had been used during the month. Record the *adjusting entry* for supplies used in February.
- (b) Earlier in the month, customers had paid \$600 in advance for cleaning (this was recorded as unearned fees). All of cleaning has been completed by the end of February. Record the *adjusting entry* for earning the fees.
- (c) At the end of February, David has used \$150 worth of utilities for which he has not yet received a bill. Record the *adjusting entry* for utilities used but not yet paid for.
- (d) Several months ago, David had purchased \$3,600 of equipment with a useful life of 3 years. Record the *adjusting entry* for depreciation in February (one month) on this equipment.
- (e) At the beginning of the year, David had paid \$1,200 in advance for six months' worth of advertising in a local newspaper (this was recorded as prepaid advertising). Record the *adjusting entry* for advertising used in the month of February.

## Adjusting Journal Entries

Adjusting Entry		Debit				Credit				Type of Adjusting Entry *
(a)										DE DR AE AR
(b)										DE DR AE AR
(c)										DE DR AE AR
(d)										DE DR AE AR
(e)										DE DR AE AR

\* Adjusting entries may be either deferred expenses (DE), deferred revenues (DR), accrued expenses (AE), or accrued revenues (AR).

# Accounting Practice Packet

## Adjusted Trial Balance

Fill in the "Adjustments" columns below using the journal entries that you completed on the previous page. Then calculate the adjusted trial balance columns.

David's D-Lux Drycleaning																				
TRIAL BALANCE																				
February 28, 2019																				
	UNADJUSTED				Adjustments				ADJUSTED											
	Debit		Credit		Debit		Credit		Debit		Credit									
Cash	9	0	0	00																
Accounts Receivable		8	0	00																
Supplies	1	7	0	00																
Prepaid Advertising	1	0	0	00																
Equipment	3	6	0	00																
Accumulated Depreciation – Equip					1	1	0	00												
Accounts Payable					3	0	0	00												
Unearned Fees					6	0	0	00												
David, Capital					5	9	0	00												
David, Drawing	1	2	0	00																
Fees Earned					8	2	0	00												
Advertising Expense		2	0	00																
Depreciation Expense		1	0	00																
Supplies Expense		3	0	00																
Utilities Expense		9	0	00																
<b>TOTAL</b>	<b>18</b>	<b>8</b>	<b>0</b>	<b>00</b>	<b>18</b>	<b>8</b>	<b>0</b>	<b>00</b>					<b>19</b>	<b>0</b>	<b>5</b>	<b>00</b>	<b>19</b>	<b>0</b>	<b>5</b>	<b>00</b>

## Challenge Questions

- (a) What was the original cost of David's equipment? \_\_\_\_\_
- (b) What is the current book value of the equipment, after the adjusting entries? \_\_\_\_\_
- (c) How many months ago was the equipment purchased? \_\_\_\_\_ (you can figure this out)