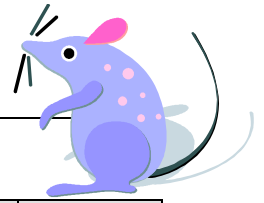


Annie's Animal Care

Practice with Adjusting Entries



Overview

One of your friends, Annie, owns a local animal kennel called Annie's Animal Care. Refer to the Chart of Accounts and Business Transactions listed below and then complete the Journal and Ledger for the month of February.

Chart of Accounts

These are the account names and numbers that you should use throughout the problem.

| Account Name | Account Number |
|-----------------------------------|----------------|
| Cash | 11 |
| Accounts Receivable | 12 |
| Supplies | 13 |
| Prepaid Insurance | 14 |
| Equipment | 15 |
| Accumulated Depreciation – Equip. | 16 |
| Accounts Payable | 21 |
| Wages Payable | 22 |
| Unearned Fees | 23 |
| Annie, Capital | 31 |
| Annie, Drawing | 32 |
| Fees Earned | 41 |
| Depreciation Expense | 51 |
| Insurance Expense | 52 |
| Supplies Expense | 53 |
| Wages Expense | 54 |

Business Transactions

The business transactions in the month of February 2019 for Annie's Animal Care can be found below. You will use these transactions to complete the journal on the next page.

- Feb 1 Owner invested \$10,000 cash in her business, Annie's Animal Care. R1.
- 2 Purchased equipment for cash, \$2,400. The equipment has a useful life of 2 years. C1.
- 3 Purchased supplies on account, \$750. M1.
- 5 Paid \$1,200 in advance for a six month insurance policy. C2.
- 10 Received \$500 in cash from Smiths' for looking after their dogs. T1.
- 20 Billed the Jones' \$2,000 for looking after their horse this month. S1.
- 25 The Clark's pay one month in advance for looking after their animals in March, \$1,000 (hint: Annie hasn't actually earned the money yet). T2.
- 27 Annie withdrew \$500 cash for personal use. C3.

Adjusting Entries

The adjusting entries for the month are listed below. Record these in the journal and then post to the ledger. Notice that the notation "Adjusting Entry" has already been made in the Item column of the affected ledger accounts for your convenience.

- Feb 28 Completed inventory and found that the amount of supplies on hand at the end of month was \$300, meaning that \$450 of supplies had been used during the period. M2.
- 28 Recorded the adjusting entry for the one month of the insurance policy that has been used in February. M3.
- 28 Recorded the adjusting entry for depreciation in February (one month) on the equipment purchased. M4.
- 28 Normal payday for Annie's business is every Friday. As of Wednesday, February 28, her employees have earned \$400 in wages that will not be paid until Friday (next month). Record the adjusting entry to reflect these wages that are owed but not yet paid. M5.

Annie's Animal Care

Practice with Adjusting Entries

February Trial Balance

Prepare the UNADJUSTED TRIAL BALANCE for Annie's Animal Care based on the account balances BEFORE adjusting entries. Then record the adjusting entries in the shaded columns. Add across the chart to complete the ADJUSTED TRIAL BALANCE. Finally, add your columns to make sure that you balance.

| Annie's Animal Care TRIAL BALANCE February 28, 2019 | | | | | | | | | | | | | |
|---|------------|--|--------|--|-------------|--|--------|--|----------|--|--------|--|--|
| | UNADJUSTED | | | | Adjustments | | | | ADJUSTED | | | | |
| | Debit | | Credit | | Debit | | Credit | | Debit | | Credit | | |
| Cash | | | | | | | | | | | | | |
| Accounts Receivable | | | | | | | | | | | | | |
| Supplies | | | | | | | | | | | | | |
| Prepaid Insurance | | | | | | | | | | | | | |
| Equipment | | | | | | | | | | | | | |
| Accumulated Depreciation -Equip | | | | | | | | | | | | | |
| Accounts Payable | | | | | | | | | | | | | |
| Wages Payable | | | | | | | | | | | | | |
| Unearned Fees | | | | | | | | | | | | | |
| Annie, Capital | | | | | | | | | | | | | |
| Annie, Drawing | | | | | | | | | | | | | |
| Fees Earned | | | | | | | | | | | | | |
| Depreciation Expense | | | | | | | | | | | | | |
| Insurance Expense | | | | | | | | | | | | | |
| Supplies Expense | | | | | | | | | | | | | |
| Wages Expense | | | | | | | | | | | | | |
| TOTAL | | | | | | | | | | | | | |