STEP BY STEP: Deferrals and Accruals

Record the adjusting journal entries under each category below.

DEFERRED EXPENSE: Supplies

On December 5, Atherton Plumbing purchased $250 in supplies. As of December 31, only $50 worth of those supplies were left. Record the expense.

Dec	5	Supplies			2	5	0	00						
		Cash								2	5	0	00	
Dec	31													

DEFERRED EXPENSE: Prepaid Insurance

On December 1, Atherton Plumbing purchased a 6-month insurance policy for $600. As of December 31, one month (or $100) of that coverage had been used. Record the expense.

Dec	1	Prepaid Insurance			6	0	0	00						
		Cash								6	0	0	00	
Dec	31													

DEFERRED REVENUE: Unearned Revenues

On November 2, Huber Rental Properties received 3 months' rent, totaling $2,400, in advance for one of its commercial properties. As of December 31, 2 months' worth of this rent had been earned. Record the fees earned.

Nov	2	Cash		2	4	0	0	00						
		Unearned Fees							2	4	0	0	00	
Dec	31													

ACCRUED EXPENSES: Accrued Wages Expense

Assume that December 31 is a Wednesday. On that date, Huber Rental Properties owes $500 in wages to employees. These wages will be paid on Friday, the usual payday. Record the expense.

Dec	31													

ACCRUED REVENUES: Accrued Interest Income

Atherton Plumbing granted a customer additional time to pay an invoice; however, the customer must pay interest at a rate of 10% annually. At the end of the accounting period, the interest that has accumulated totals $80. Record the interest income (a type of revenues).

Dec	31													