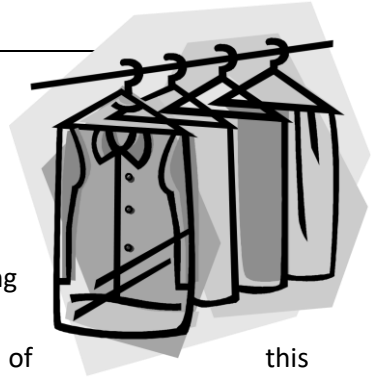


Accounting Practice Packet

David's D-Lux Drycleaning

David owns a cleaning business called David's D-Lux Drycleaning. The February 2021 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, 2021																				
	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																
TOTAL	18	8	0	00	18	8	0	00					19	0	5	00	19	0	5	00

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)