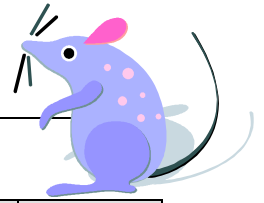


Annie's Animal Care

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 2021 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, 2021													
	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													