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

Journal

GENERAL JOURNAL						Page 1
Date		Account Title	Doc. No.	Post. Ref.	Debit	Credit

STOP HERE. POST TO LEDGER AND PREPARE UNADJUSTED TRIAL BALANCE. THEN CONTINUE …

Annie's Animal Care

Practice with Adjusting Entries

Ledger

CASH — **Account No. 11**

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit

ACCOUNTS RECEIVABLE — **Account No. 12**

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit

SUPPLIES — **Account No. 13**

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
		Adjusting Entry					

PREPAID INSURANCE — **Account No. 14**

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
		Adjusting Entry					

EQUIPMENT — **Account No. 15**

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit

ACCUMULATED DEPRECIATION – EQUIPMENT — **Account No. 16**

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
		Adjusting Entry					

ACCOUNTS PAYABLE — **Account No. 21**

Date		Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit

Annie's Animal Care

Practice with Adjusting Entries

WAGES PAYABLE — **Account No. 22**

Date	Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
	Adjusting Entry					

UNEARNED FEES — **Account No. 23**

Date	Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit

ANNIE, CAPITAL — **Account No. 31**

Date	Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit

ANNIE, DRAWING — **Account No. 32**

Date	Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit

FEES EARNED — **Account No. 41**

Date	Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit

DEPRECIATION EXPENSE — **Account No. 51**

Date	Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
	Adjusting Entry					

INSURANCE EXPENSE — **Account No. 52**

Date	Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
	Adjusting Entry					

SUPPLIES EXPENSE — **Account No. 53**

Date	Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
	Adjusting Entry					

WAGES EXPENSE — **Account No. 54**

Date	Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
	Adjusting Entry					

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						