Yazici Advertising received $l,200 on October 2 from R. Knox for advertising services expected to be completed by December 31 (each month the co. will provide service equally)

Required: record the adjusting entry on oct.31. assume yazici prepares monthly financial statements

Journal entry :
2.oct. Dr cash 1,200
 Cr unearned service rev 1,200

|  |
| --- |
| Unearned service rev |
| Dr | Cr |
|  | Beg 1/10 0  |
|  | 2/10 1,200  |
|  | **End bal 31/10 1,200**  |

1/1 ……31/1….28/2…31/3…..30/4….31/5….30/6 …..31/7…..31/8 ,,,,,30/9 ..2/10…..31/10…..30/11…..31/12
Adjusting entry :
31.oct. Dr unearned service rev 400 balance sheet
 Cr service rev 400 income stat.

Services provided each month = 1,200/3 = 400

|  |
| --- |
| Unearned service rev |
| Dr | Cr |
|  | Beg 1/10 0  |
|  | 2/10 1,200  |
| Adj 400  | **End bal 31/10 1,200**  |
|  | **End bal after adj 31/10 800**  |

|  |
| --- |
| Service rev |
| Dr | Cr |
|  | End bal 31/10 10,000 |
|  | Adj 400 |
|  | Adj  |
|  | **End bal after adj 31/10 10,400**  |

adjusting entry for unearned rev : decreased liability, increased revenue & NI & RE & Equity
before adj entry : liability overstated, REV & NI&RE& Equity understated.

30.nov . Dr unearned service rev 400
 Cr service rev 400

|  |
| --- |
| Unearned service rev |
| Dr | Cr |
|  | Beg 1/11 800  |
| Adj 400  | **End bal 31/11 800**  |
|  | **End bal after adj 31/11 400**  |

31.Dec. Dr unearned service rev 400
 Cr service rev 400

|  |
| --- |
| Unearned service rev |
| Dr | Cr |
|  | Beg 1/12 400  |
| Adj 400  | **End bal 31/12 400**  |
|  | **End bal after adj 31/12 0** |

Yazici Advertising received $l,200 on October 2 from R. Knox for advertising services expected to be completed by December 31 (each month the co. will provide service equally)

Required: record the adjusting entry on Dec.31. assume yazici prepares quarterly financial statements

1/1……………31/3…………..30/6…….30/9…2/10……….31/12

Journal entry
2/10. Dr cash 1,200
 Cr unearned service rev 1,200

Adj entry :
31/12. Dr unearned service rev 1,200
 Cr service rev 1,200

|  |
| --- |
| Unearned service rev |
| Dr | Cr |
|  | Beg 1/10 0  |
|  | 2/10 1,200  |
| Adj 1,200  | **End bal 31/12 1,200**  |
|  | **End bal after adj 31.12 0** |

Yazici Advertising received $l,200 on October 2 from R. Knox for advertising services expected to be completed by December 31 (each month the co. will provide service equally)

Required: record the adjusting entry on 31.oct on R.Knox books . assume r.Knox prepare monthly financial statements

yazici ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, R knox
received money in advance paid money in advance
2.10. Dr cash 1,200 2.10 Dr prepaid exp 1,200
 Cr unearned service rev 1,200 Cr cash 1,200

Adj entry :
31.10 . Dr unearned service rev 400 31.10. Dr exp 400
 Cr service rev 400 Cr prepaid exp 400