Refer to the adjusted trial balance in M4-14. Prepare closing journal entries on December 31, 2012.

M4-18 Preparing and Posting Adjusting Journal Entries

At December 31, the unadjusted trial balance of H&R Tacks reports Supplies of $9,000 and Supplies Expense of $0. On December 31, supplies costing $7,700 are on hand. Prepare the adjusting journal entry on December 31. In separate T-accounts for each account, enter the unadjusted balances, post the adjusting journal entry, and report the adjusted balance.

M4-19 Preparing and Posting Adjusting Journal Entries

At December 31, the unadjusted trial balance of H&R Tacks reports Equipment of $30,000 and zero balances in Accumulated Depreciation and Depreciation Expense. Depreciation for the period is estimated to be $6,000. Prepare the adjusting journal entry on December 31. In separate T-accounts for each account, enter the unadjusted balances, post the adjusting journal entry, and report the adjusted balance.

M4-20 Preparing and Posting Adjusting Journal Entries

At December 31, the unadjusted trial balance of H&R Tacks reports Prepaid Insurance of $7,200 and Insurance Expense of $0. The insurance was purchased on July 1 and provides coverage for 24 months. Prepare the adjusting journal entry on December 31. In separate T-accounts for each account, enter the unadjusted balances, post the adjusting journal entry, and report the adjusted balance.

M4-21 Preparing and Posting Adjusting Journal Entries

At December 31, the unadjusted trial balance of H&R Tacks reports Unearned Revenue of $5,000 and Service Revenues of $33,800. One-half of the unearned revenue has been earned as of December 31. Prepare the adjusting journal entry on December 31. In separate T-accounts for each account, enter the unadjusted balances, post the adjusting journal entry, and report the adjusted balance.

M4-22 Preparing and Posting Adjusting Journal Entries

At December 31, the unadjusted trial balance of H&R Tacks reports Wages Payable of $0 and Wages Expense of $20,000. Employees have been paid for work done up to December 27, but the $1,200 they have earned for December 28–31 has not yet been paid or recorded. Prepare the adjusting journal entry on December 31. In separate T-accounts for each account, enter the unadjusted balances, post the adjusting journal entry, and report the adjusted balance.

M4-23 Preparing and Posting Adjusting Journal Entries

At December 31, the unadjusted trial balance of H&R Tacks reports Interest Payable of $0 and Interest Expense of $0. Interest incurred and owed in December totals $500. Prepare the adjusting journal entry on December 31. In separate T-accounts for each account, enter the unadjusted balances, post the adjusting journal entry, and report the adjusted balance.

M4-24 Preparing and Posting Journal Entries for Dividends

At December 31, the unadjusted trial balance of H&R Tacks reports Dividends Declared of $0 and Dividends Payable of $0. A $200 dividend was declared on December 27, with payment in cash to occur three weeks later. Prepare the required journal entry. In separate T-accounts for each account, enter the unadjusted balances, post the journal entry, and report the adjusted balance.

M4-25 Preparing an Adjusted Trial Balance

The adjusted trial balance for PI Detectives reported the following account balances: Accounts Receivable $500; Supplies $9,000; Prepaid Insurance $7,200; Equipment $28,000; Accumulated

Other data not yet recorded at December 31, 2012:

a. Rent expired during 2012, \$1,200.
b. Depreciation expense for 2012, \$1,000.
c. Utilities payable, \$9,000.
d. Income tax expense, \$390.

Required:

1. Using the format shown in the demonstration case, indicate the accounting equation effects of each required adjustment.
2. Prepare the adjusting journal entries required at December 31, 2012.
3. Summarize the adjusting journal entries in T-accounts. After entering the beginning balances and computing the adjusted ending balances, prepare an adjusted trial balance as of December 31, 2012.
4. Compute the amount of net income using (*a*) the preliminary (unadjusted) numbers, and (*b*) the final (adjusted) numbers. Had the adjusting entries not been recorded, would net income have been overstated or understated, and by what amount?

E4-16 Recording Four Adjusting Journal Entries and Preparing an Adjusted Trial Balance

Mint Cleaning Inc. prepared the following unadjusted trial balance at the end of its second year of operations ending December 31, 2013. To simplify this exercise, the amounts given are in thousands of dollars.

Account Titles	Debit	Credit
Cash	$ 38	
Accounts Receivable	9	
Prepaid Insurance	6	
Equipment	80	
Accumulated Depreciation		$ 0
Accounts Payable		9
Contributed Capital		76
Retained Earnings		4
Sales Revenue		80
Administrative Expenses	26	
Wages Expense	10	
Totals	$169	$169

Other data not yet recorded at December 31, 2013:

a. Insurance expired during 2013, $5.
b. Depreciation expense for 2013, $4.
c. Wages payable, $7.
d. Income tax expense, $9.

Required:

1. Prepare the adjusting journal entries for 2013.
2. Using T-accounts, determine the adjusted balances in each account and prepare an adjusted trial balance as of December 31, 2013.
3. By what amount would net income have been understated or overstated had the adjusting journal entries not been recorded?

E4-17 Reporting an Income Statement, Statement of Retained Earnings, and Balance Sheet