

CLASS TEST 2
Dept. of SWE, Daffodil International University
Time: 40 Minutes
Course Name: Principles of Accounting, Business & Economics

Code: GE235

Marks: 15

**Apex Advertising
Trial Balance
October 31, 2020**

	Debit	Credit
Cash	\$15,200	
Supplies	2,500	
Prepaid Insurance	600	
Equipment	5,000	
Notes Payable		\$5,000
Accounts Payable		2,500
Unearned Service Revenue		1,200
Owner's Capital		10,000
Owner's Drawings	500	
Service Revenue		10,000
Salaries and Wages Expense	4,000	
Rent Expense	900	
Total	\$28,700	\$28,700

Additional information:

1. An inventory count at the close of business on October 31 reveals that \$800 of supplies are still on hand.
2. On October 4, Apex Advertising paid \$600 for a one-year fire insurance policy.
3. Apex Advertising, assume that depreciation on the equipment is \$600 a year.
4. Apex Advertising received \$1,200 on October 2 from M. Torres for advertising services expected to be completed by December 31. From an evaluation of the services Apex performed for Torres during October, the company determines that it should recognize \$500 of revenue in October.
5. In October, Apex Advertising performed services worth \$300 that were not billed to clients on or before October 31.
6. Apex Advertising signed a three-month note payable in the amount of \$5,000 on October 1. The note requires Apex to pay interest at an annual rate of 12%.
7. Salary remains accrual for the last 3 days of October. Employees get \$1,800 in a week (5-day work week).

QUESTIONS:

a) Prepare the ADJUSTING ENTRIES required as of October 31, 2020.

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b) Prepare a WORKSHEET of Apex Advertising for the month ended October 31, 2020.

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