

Your Notes

Don't forget about month-end adjustments! I will need to:

1. Accrue interest on the note from Madi's brother.
Note: Round to the nearest full month.
2. Adjust prepaid insurance.
Note: Round to the nearest full month.
3. Adjust supplies – a count at year end reveals \$20 of supplies are on hand.
4. Depreciate capital assets
 - a. For the car, assume a residual value of \$5,000 and a ten-year or 100,000km useful life. The car was driven 150kms for the month. Use units-of-production depreciation.
 - b. For the sewing equipment, assume a residual value of \$100 and an eight year useful life. Use straightline depreciation.
5. When discussing an allowance for doubtful accounts, Madi really wasn't sure. Let's assume 10% of receivables will be uncollectible using the aging of receivables method (note they are all <30 days old).
6. At year-end the special order from March 28 was 80% complete.
7. When dealing with rat inventory, because each piece is unique, use specific unit identification method.
8. When dealing with book inventory, use the weighted average method. Round the average cost per book to THREE decimal places – in journal entries round to the nearest \$1.
9. Assume an income tax rate of 15% on net income before taxes. If income before taxes is NEGATIVE, assume taxes of ZERO. Round any decimal to the nearest dollar (DR Income tax exp, CR Income taxes payable)

NOTE: All Adjusting Entries are to be rounded to the nearest month and to the nearest whole dollar.