

*BE3-13 Smith Company had cash receipts from customers in 2005 of \$152,000. Cash payments for operating expenses were \$97,000. Smith has determined that at January 1, accounts receivable was \$13,000, and prepaid expenses were \$17,500. At December 31, accounts receivable was \$18,600, and prepaid expenses were \$23,200. Compute (a) service revenue and (b) operating expenses.

*BE3-14 Pelican Company made a December 31 adjusting entry to debit Salaries Expense and credit Salaries Payable for \$3,600. On January 2, Pelican paid the weekly payroll of \$6,000. Prepare Pelican's (a) January 1 reversing entry; (b) January 2 entry (assuming the reversing entry was prepared); and (c) January 2 entry (assuming the reversing entry was not prepared).

*E3-24 (Adjusting and Reversing Entries) When the accounts of Daniel Barenboim Inc. are examined, the adjusting data listed below are uncovered on December 31, the end of an annual fiscal period.

1. The prepaid insurance account shows a debit of \$5,280, representing the cost of a 2-year fire insurance policy dated August 1 of the current year.
2. On November 1, Rental Revenue was credited for \$1,800, representing revenue from a subrental for a 3-month period beginning on that date.
3. Purchase of advertising materials for \$800 during the year was recorded in the Advertising Expense account. On December 31, advertising materials of \$290 are on hand.
4. Interest of \$770 has accrued on notes payable.

Instructions

Prepare in general journal form: (a) the adjusting entry for each item and (b) the reversing entry for each item where appropriate.