<u>Concepts 03.03</u> <u>Instructions:</u>

- Click the ***Share*** button above, then ***Change*** the share settings to ***Anyone with the link***
- *Change from Viewer to* ***Editor***
- ***Watch the videos below first and take notes.***
  - ***Prepaid Rent (2:55)***
  - ***Supplies (2:48)***
  - ***Depreciation (4:23)***
  - ***Unearned Revenue (2:06)***
- Use your video notes to explain the concepts in the table below. Submit through Schoology.

<u>Concept</u>	**<u>Explanation</u>**
1. When does a Deferred Expense occur?	
2. What is Prepaid Rent?	

3. Show the Journal Entry to record monthly rent expense on January 31st:

DATE 20xx		ACCOUNT	DEBIT	CREDIT
Jan	1	Prepaid Rent	6,000.00	
		Cash		6,000.00
		prepaid 3 months rent		
	31			
		adjust prepaid rent balance		

	DATE 20xx		ACCOUNT	DEBIT	CREDIT
4. If $1,500 of supplies were used in January, show the Journal Entry to record the monthly supplies expense on January 31st:	Jan	1	Supplies	2,000.00	
			Cash		2,000.00
			purchased supplies		
		31			
			adjust supplies balance		

	DATE 20xx		ACCOUNT	DEBIT	CREDIT
5. If there are $500 of supplies available on Feb 1, $1,000 on hand at the end of the month, and $2,500 of supplies were bought during the month, show the Journal Entry to record the monthly supplies expense on February 28th:	Feb	9	Supplies	2,500.00	
			Cash		2,500.00
			purchased supplies		
		31			
			adjust supplies balance		

6. What is the most common, and simplest way to calculate Depreciation Expense?	
7. What is the formula for calculating Depreciation Expense using the Straight-line Method?	

<table>
<tr><td rowspan="7">8. Assuming equipment has a 10 year life and no residual value, show the Journal Entry to record depreciation expense on December 31st:</td><td colspan="2">DATE
20xx</td><td>ACCOUNT</td><td>DEBIT</td><td>CREDIT</td></tr>
<tr><td>Jan</td><td>1</td><td>Equipment</td><td>200,000.00</td><td></td></tr>
<tr><td></td><td></td><td>Cash</td><td></td><td>200,000.00</td></tr>
<tr><td></td><td></td><td>purchased tour bus</td><td></td><td></td></tr>
<tr><td>Dec</td><td>31</td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td>record depreciation expense</td><td></td><td></td></tr>
</table>

9. What is a Contra-Asset?	
10. What is the formula for calculating Net Book Value?	

11. When does Unearned Revenue occur?	
12. What type of account is Unearned Revenue?	

13. Assuming the season is 9 months long and begins in October, show the Journal Entry to record ⅓ of ticket revenue on December 31st:

DATE 20xx		ACCOUNT	DEBIT	CREDIT
Apr	1	Cash	6,000.00	
		Unearned Ticket Revenue		6,000.00
		presold tickets for Oct-Jun		
Dec	31			
		record ⅓ of ticket revenue		