

Solution 1:

1. No adjusting entry is needed because although the revenue was collected in advance on August 01, but it has been all earned prior to the year end.
2. No entry is required. It will be just mentioned as a note to the accounts, as liability is uncertain (contingent liability).

3. Unearned services revenue account	Rs.6,000	
Services revenue account		Rs.6,000

(Revenue earned now recorded)

4. Rent expense account	Rs.80,000	
Rent payable account		Rs.80,000

(Rent Expenses incurred and payable)

5. Salaries expense account	Rs.50,000	
Salaries payable account		Rs.50,000

(Salaries are payable to employees)

6. Cash account	Rs.300,000	
Interest expense account	Rs.3,750	
Notes payable account		Rs.300,000
Interest payable account		Rs.3,750

(Interest and principle amount payable now recorded)

7. Insurance expense account	Rs.3,000	
Prepaid Insurance account		Rs.3,000

(A portion of Insurance premium paid has been expired)

8. Depreciation expense account	Rs.10,240	
Accumulated depreciation account		Rs.10,240

(Depreciation charged on fixed assets)

Solution 2 :

Sr. No	Expense	Asset	Owners' equity
1	NE	NE	NE
2	NE	NE	NE
3	NE	NE	I
4	I	NE	D
5	I	NE	D
6	I	I	D
7	I	D	D
8	I	D	D