

Accrued Expenses: Journal Entries

	<u>DR</u>	<u>CR</u>
Dec. 31	Grounds Maintenance Expense	4,000.00
	Maintenance Fees Payable	4,000.00

To record four months of accrued maintenance expense (\$6,000.00 / 6 months x 4 months)

Feb. 29	Grounds Maintenance Expense	2,000.00
	Maintenance Fees Payable	4,000.00
	Cash	6,000.00

To record payment of six-month maintenance contract in full.

The rest of this transaction would be the same even if this was "Account Payable / Supplier," because we would still be comming the accrual account to a specific payable account.

Accrued Revenues

Accrued revenues refer to revenue which has been earned but not yet recognized.

Accrued Revenues: Journal Entries

	<u>DR</u>	<u>CR</u>
Dec. 31	Maintenance Fees Receivable	4,000.00
	Maintenance Fees Earned	4,000.00

To record four months of accrued revenue (\$6,000.00 / 6 months x 4 months)

Feb. 29	Cash	6,000.00
	Maintenance Fees Receivable	4,000.00
	Maintenance Fees Earned	2,000.00

To record receipt of payment for six-month maintenance contract in full.

The rest of this transaction would be the same even if this was "Account Receivable / Customer," because we would still be comming the accrual account to a specific asset account.

Unearned Revenue

Unearned revenue describes funds received but not yet earned. (ie. Payment in advance of service.)

Unearned Revenue - Journal Entries

	<u>DR</u>	<u>CR</u>
Oct. 1	Cash	\$6,000
	Unearned Revenue	\$6,000

To record receipt of cash in advance of providing service, per maintenance contract.

Dec. 31	Unearned Revenue	\$3,000
	Maintenance Fees Earned	\$3,000

\$6,000 total fee divided by 6 months contract x 3 months completed.

Mar. 31	Unearned Revenue	\$3,000
	Maintenance Fees Earned	\$3,000

Final 3 months of contract completed.