

EM9.5 Adjusting Entry Accrued Expenses

Complete the following adjusting entry for Mookie The Beagle Concierge.

Interest on Mookie The Beagle Concierge’s Loan Payable to Cy has been incurred, but not recorded or paid. The interest that has been incurred is calculated as principal multiplied by the interest rate multiplied by the time period ($\$2,000 \times 6\% \times 1 \div 12 = \10.00). Interest Expense of \$10.00 must be recorded as an accrued expense and Interest Payable, a liability, recorded for the amount that Mookie The Beagle Concierge is obligated to pay later. So an adjusting entry is needed to bring accounts up to date at January 31.

QBO CROSSCHECK

Before proceeding, crosscheck your Loans Payable account to verify that it has a balance of \$2,000. ~~Make sure you have Account 2010 "Interest Payable" setup in your chart of accounts as a subaccount to "Accounts Payable" before proceeding.~~

Required:

- Complete the following table.

Note: Answer this question in the table shown below. Round your answer 2 decimal places.

Account	Account Type	Increase or Decrease?	Debit or Credit?	Amount
Interest Paid	Expense	Increase ▼	Debit ▼	\$ 10.00
Interest Payable	Liability	Increase ▼	Credit ▼	\$ 10.00