

Creative Hearing Technologies of London recently introduced a Bluetooth-enabled hearing aid that allows hearing-disabled users to not only hear better, but also interface with their cell phones and digital music players.

The company reports the following four transactions and events related to December of 20X7 and is seeking your help to prepare the end-of-year adjusting entries needed at December 31.

- (1) On December 1, the company borrowed £10,000,000 at an 8% per annum interest rate. The loan, and all accrued interest, is due in 3 months.
- (2) Early in December, the company licensed its new technology to Apple Bites Computer, Inc., for use in Apple's existing product lines. The agreement provides for a royalty payment from Apple to Creative based on Apple's sales of products using the licensed technology. As of December 31, £45,000 is due under the agreement for actual sales made by Apple to date.
- (3) Creative pays many employees on an hourly basis. As of December 31 there are 5,320 unpaid labor hours already worked at an average hourly rate of £17.
- (4) The company estimates that utilities used during December, for which bills will be received in January, amount to £20,000.