

Name:

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Scenario 1: Balance Sheet Approach

06/01/X1	Prepaid Insurance	1,500	
	Cash		1,500
To record payment for 1-year policy			
12/31/X1	Insurance Expense	875	
	Prepaid Insurance		875
To record insurance "used" (\$1,500 X 7/12)			

Prepaid Insurance	
06/01/X1	1,500
	875 12/31/X1
	<u>625</u>

Insurance Expense	
12/31/X1	<u>875</u>

Scenario 1: Income Statement Approach

06/01/X1	Insurance Expense	1,500	
	Cash		1,500
To record payment for 1-year policy			
12/31/X1	Prepaid Insurance	625	
	Insurance Expense		625
To record insurance "unused" (\$1,500 X 5/12)			

Prepaid Insurance	
12/31/X1	<u>625</u>

Insurance Expense	
06/01/X1	1,500
	625 12/31/X1
	<u>875</u>

Name:

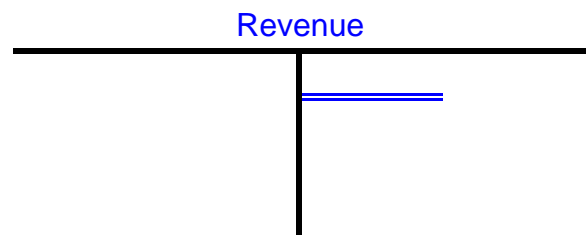
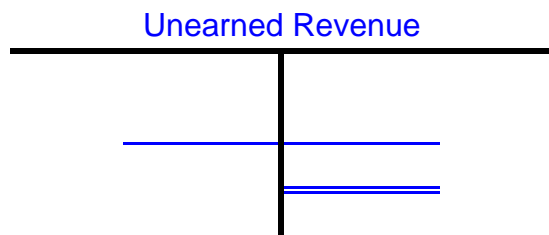
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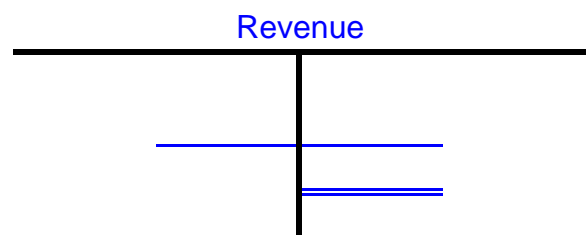
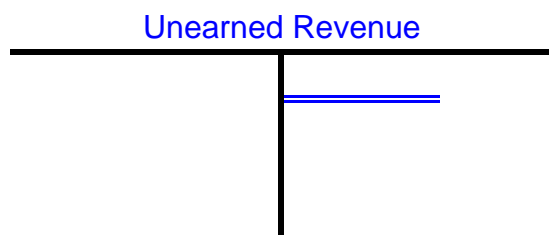
Scenario 2: Balance Sheet Approach

08/01/X1
12/31/X1



Scenario 2: Income Statement Approach

08/01/X1
12/31/X1



Name:

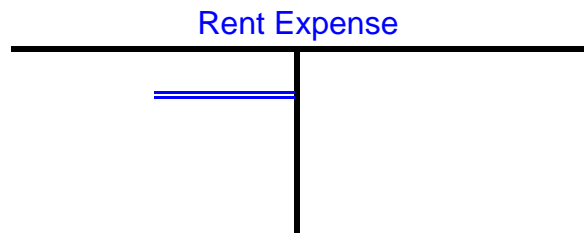
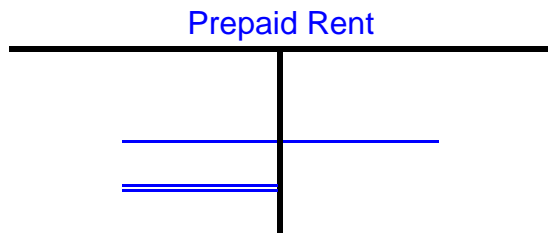
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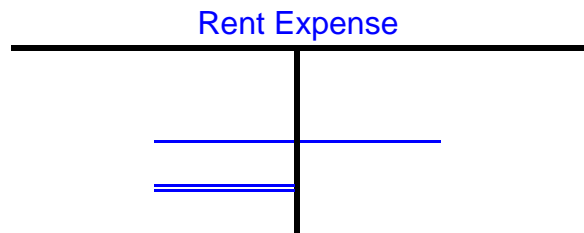
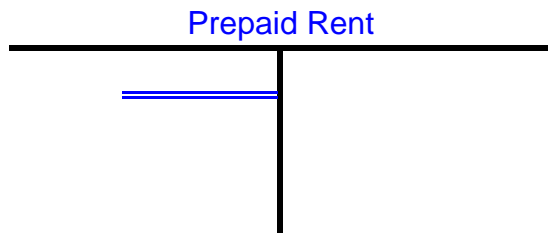
Scenario 3: Balance Sheet Approach

12/01/X1
12/31/X1



Scenario 3: Income Statement Approach

12/01/X1
12/31/X1



Name:

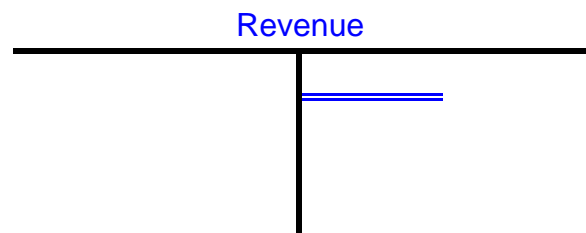
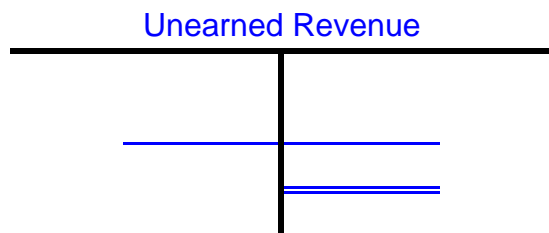
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Scenario 4: Balance Sheet Approach

04/01/X1
06/20/X1



Scenario 4: Income Statement Approach

04/01/X1
06/20/X1

