Berry Corporation prepared the following preliminary trial balance. The trial balance and other information was evaluated by Delton Wiser, CPA. Delton has returned a list of proposed adjustments that are necessary to facilitate preparation of correct financial statements for the year ending December 31, 20X3.

BERRY CORPORATION
Trial Balance
December 31, 20X3

	Debits	Credits
Cash	$ 30,540	
Accounts receivable	45,000	
Supplies	7,000	
Equipment	244,500	
Accumulated depreciation		$ 46,500
Accounts payable		12,700
Unearned revenue		31,250
Notes payable		80,000
Capital stock		100,000
Retained earnings, Jan. 1		63,200
Dividends	12,000	
Revenues		289,800
Wages expense	214,600	
Utilities expense	8,700	
Selling expense	41,610	
Depreciation expense	12,000	
Interest expense	7,500	
	$623,450	$623,450

Delton discovered that 40% of the unearned revenue appearing in the trial balance had actually been earned as of the end of the year.

A physical count of supplies on hand revealed a year-end balance of only $3,000.

Unpaid and unrecorded invoices for utilities for December amounted to $1,500.

The last payday was December 26. Employees are owed an additional $3,900 that has not been recorded.

Additional depreciation of $3,100 needs to be recorded.

(a) Prepare journal entries relating to the adjustments.

(b) Prepare an adjusted trial balance.

(c) Prepare an income statement and statement of retained earnings for 20X3, and a classified balance sheet as of the end of the year.

(d) Berry's bookkeeper argued with Delton that there was no need to record the adjustments since they have no "net" effect on income. Evaluate whether this observation is true or false, and comment on the appropriateness of this logic.