

On October 1, a client pays a company the full \$12,000 balance of a year-long contract. Using the accrual method, what's the unearned revenue as of December 31

Answer 1

Answer:

Using the **accrual** method, the **unearned** revenue as of December 31 is **\$12,000**.

What is Unearned revenue?

Unearned revenue can be defined as the **amount** a company **received** from their **client** for the service they are yet to **rendered**.

Since the company has **received** full **balance** for the services **not yet provided**. The unearned **revenue** as of December 31 will be **\$12,000** .

Reason been that the **amount** that the client **paid** the company is for a year-**long** contract, hence the \$12,000 represent a **prepayment** amount for the service the company is yet to **rendered** to their client

Inconclusion using the **accrual** method, the **unearned** revenue as of December 31 is **\$12,000**.

Learn more about **unearned revenue** here: brainly.com/question/5010039

Answer 2

Answer:

The \$12,000 **payment** is for a one-year contract, however, we will only record revenue from October 1 up to December 31 which are the months that already lapsed. The remaining nine months are still considered unearned **revenue**. Thus, the remaining unearned revenue is \$9,000.

Unearned revenue is the **amount** received from a client for a service that has yet to be rendered. Since the company has received the full balance over the services not yet provided. As of December 31, the unearned revenue will be \$12,000.

Because the client paid the company for a year-long contract, the \$12,000 represents a prepayment for the service the company has yet to render to their client. Using the accrual method, the **revenue** that is not earned as of December 31 is \$9000.

Learn more about **revenue**, here:

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