

LESSON 6-2

Planning Adjusting Entries on a Work Sheet

SUPPLIES ADJUSTMENT ON A WORK SHEET

| ACCOUNT TITLE | 1 TRIAL BALANCE | | 3 ADJUSTMENTS | | 4 |
|----------------------------|-------------------|--------|---------------|----------|-----------|
| | DEBIT | CREDIT | DEBIT | CREDIT | |
| | 5 <i>Supplies</i> | 102500 | | 3 | (a) 71500 |
| 17 <i>Supplies Expense</i> | | | (a) 71500 | | 1 |

| BEFORE ADJUSTMENT | |
|-------------------|----------|
| Supplies Expense | |
| <hr/> | |
| | |
| Supplies | |
| Aug. 31 Bal. | 1,025.00 |

| AFTER ADJUSTMENT | |
|------------------|----------|
| Supplies Expense | |
| <hr/> | |
| Adj. (a) | 715.00 |
| Supplies | |
| <hr/> | |
| Aug. 31 Bal. | 1,025.00 |
| (New Bal.) | 310.00 |
| Adj. (a) | 715.00 |

1. Write the debit amount.
2. Write the credit amount.
3. Label the two parts of this adjustment.

PREPAID INSURANCE ADJUSTMENT ON A WORK SHEET

| ACCOUNT TITLE | 1 TRIAL BALANCE | | 3 ADJUSTMENTS | | 4 | |
|-----------------------------|-----------------|--------|---------------|-----------|---|--|
| | DEBIT | CREDIT | DEBIT | CREDIT | | |
| | | | | | | |
| 6 <i>Prepaid Insurance</i> | 120000 | | (b) 10000 | | | |
| 14 <i>Insurance Expense</i> | | | | (b) 10000 | | |

| BEFORE ADJUSTMENT | |
|-------------------|----------|
| Insurance Expense | |
| <hr/> | |
| Prepaid Insurance | |
| Aug. 31 Bal. | 1,200.00 |

| AFTER ADJUSTMENT | | | |
|-------------------|----------|----------|--------|
| Insurance Expense | | | |
| <hr/> | | | |
| Adj. (b) | 100.00 | | |
| Prepaid Insurance | | | |
| <hr/> | | | |
| Aug. 31 Bal. | 1,200.00 | Adj. (b) | 100.00 |
| (New Bal.) | 1,100.00 | | |

1. Write the debit amount.
2. Write the credit amount.
3. Label the two parts of this adjustment.

PROVING THE ADJUSTMENTS COLUMNS OF A WORK SHEET

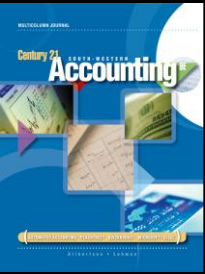
| <i>TechKnow Consulting</i> | | | | |
|--|---------------|---------|-------------|--------|
| <i>Work Sheet</i> | | | | |
| <i>For Month Ended August 31, 20--</i> | | | | |
| | 1 | 2 | 3 | 4 |
| ACCOUNT TITLE | TRIAL BALANCE | | ADJUSTMENTS | |
| | DEBIT | CREDIT | DEBIT | CREDIT |
| 16 Rent Expense | 500 00 | | | |
| 17 Supplies Expense | | | (a) 715 00 | |
| 18 Utilities Expense | 110 00 | | | |
| 19 | 881 500 | 881 500 | 815 00 | 815 00 |

1. Rule a single line.
2. Add both the Adjustments Debit and Credit columns. Write each column's total.
3. Rule double lines.

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PREPARING A WORK SHEET

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1. Write the heading.
2. Record the trial balance.
3. Record the supplies adjustment.
4. Record the prepaid insurance adjustment.
5. Prove the Adjustments columns.
6. Extend all balance sheet account balances.
7. Extend all income statement account balances.
8. Calculate and record the net income (or net loss).
9. Total and rule the Income Statement and Balance Sheet columns.

| ACCOUNT TITLE | 1 | | 2 | | 3 | | 4 | | 5 | | 6 | | 7 | | 8 | | |
|---------------|---------------|--|--------|--|-------------|--|--------|--|------------------|--|--------|--|---------------|--|--------|--|----|
| | TRIAL BALANCE | | | | ADJUSTMENTS | | | | INCOME STATEMENT | | | | BALANCE SHEET | | | | |
| | DEBIT | | CREDIT | | DEBIT | | CREDIT | | DEBIT | | CREDIT | | DEBIT | | CREDIT | | |
| 1 | | | | | | | | | | | | | | | | | 1 |
| 2 | | | | | | | | | | | | | | | | | 2 |
| 3 | | | | | | | | | | | | | | | | | 3 |
| 4 | | | | | | | | | | | | | | | | | 4 |
| 5 | | | | | | | | | | | | | | | | | 5 |
| 6 | | | | | | | | | | | | | | | | | 6 |
| 7 | | | | | | | | | | | | | | | | | 7 |
| 8 | | | | | | | | | | | | | | | | | 8 |
| 9 | | | | | | | | | | | | | | | | | 9 |
| 10 | | | | | | | | | | | | | | | | | 10 |
| 11 | | | | | | | | | | | | | | | | | 11 |
| 12 | | | | | | | | | | | | | | | | | 12 |
| 13 | | | | | | | | | | | | | | | | | 13 |
| 14 | | | | | | | | | | | | | | | | | 14 |
| 15 | | | | | | | | | | | | | | | | | 15 |
| 16 | | | | | | | | | | | | | | | | | 16 |
| 17 | | | | | | | | | | | | | | | | | 17 |
| 18 | | | | | | | | | | | | | | | | | 18 |
| 19 | | | | | | | | | | | | | | | | | 19 |
| 20 | | | | | | | | | | | | | | | | | 20 |
| 21 | | | | | | | | | | | | | | | | | 21 |

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TechKnow Consulting

Work Sheet

For Month Ended August 31, 20--

| ACCOUNT TITLE | TRIAL BALANCE | | ADJUSTMENTS | | INCOME STATEMENT | | BALANCE SHEET | | |
|---------------|---------------|--------|-------------|--------|------------------|--------|---------------|--------|----|
| | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | |
| 1 | | | | | | | | | 1 |
| 2 | | | | | | | | | 2 |
| 3 | | | | | | | | | 3 |
| 4 | | | | | | | | | 4 |
| 5 | | | | | | | | | 5 |
| 6 | | | | | | | | | 6 |
| 7 | | | | | | | | | 7 |
| 8 | | | | | | | | | 8 |
| 9 | | | | | | | | | 9 |
| 10 | | | | | | | | | 10 |
| 11 | | | | | | | | | 11 |
| 12 | | | | | | | | | 12 |
| 13 | | | | | | | | | 13 |
| 14 | | | | | | | | | 14 |
| 15 | | | | | | | | | 15 |
| 16 | | | | | | | | | 16 |
| 17 | | | | | | | | | 17 |
| 18 | | | | | | | | | 18 |
| 19 | | | | | | | | | 19 |
| 20 | | | | | | | | | 20 |
| 21 | | | | | | | | | 21 |

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Work Sheet

For Month Ended August 31, 20--

| ACCOUNT TITLE | TRIAL BALANCE | | ADJUSTMENTS | | INCOME STATEMENT | | BALANCE SHEET | |
|----------------------------------|---------------|--------|-------------|-----------|------------------|--------|---------------|--------|
| | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT |
| | | | | | | | | |
| Cash | | | 496400 | | | | | |
| Petty Cash | | | 10000 | | | | | |
| Accts. Rec.—Oakdale School | | | 15000 | | | | | |
| Accts. Rec.—Campus Internet Cafe | 10000 | | | | | | 10000 | |
| Supplies | 102500 | | | (a) 71500 | | | 31000 | |
| Prepaid Insurance | 120000 | | | (b) 10000 | | | 110000 | |
| Accts. Pay.—Supply Depot | | 20000 | | | | | | 20000 |
| Accts. Pay.—Thomas Supply Co. | | 5000 | | | | | | 5000 |
| Kim Park, Capital | | 500000 | | | | | | 500000 |
| Kim Park, Drawing | 62500 | | | | | | 62500 | |
| Income Summary | | | | | | | | |
| Sales | | 356500 | | | | 356500 | | |
| Advertising Expense | 21300 | | | | 21300 | | | |
| Insurance Expense | | | (b) 10000 | | 10000 | | | |
| Miscellaneous Expense | 2800 | | | | 2800 | | | |
| Rent Expense | 30000 | | | | 30000 | | | |
| Supplies Expense | | | (a) 71500 | | 71500 | | | |
| Utilities Expense | 11000 | | | | 11000 | | | |
| | 881500 | 881500 | 81500 | 81500 | 146600 | 356500 | 734900 | 525000 |
| Net Income | | | | | 209900 | | | 209900 |
| | | | | | 356500 | 356500 | 734900 | 734900 |

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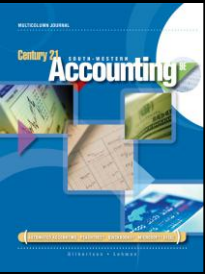
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TERM REVIEW

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- adjustments