**Worksheet**

**Adjusting Entries**

1. Prepaid Insurance/Rent/Advertisement

Insurance/Rent/Advertisement expense Dr.

Prepaid Insurance/Rent/Advertisement Cr.

2. Supplies

Supplies expense Dr.

Supplies Cr.

3. Depreciation (Used portion of Fixed assets such Building, Equipment, Furniture, Vehicles, Machineries)

Depreciation expense Dr.

Accumulated Depreciation Cr.

4. Unearned Service/Rent revenue

Unearned Service/Rent revenue Dr.

Service/Rent revenue Cr.

5. For new entry (revenue that was not recognized)

Accounts Receivable Dr.

Service Revenue Cr.

6. For any expenses

Salaries/Rent/Interest/Advertisement/Utilities expense Dr.

Salaries/Rent/Interest/Advertisement/Utilities payable Cr.

Accounting Cycle

Journal Entries (Daily)

Ledger (Daily)

Trial Balance (a particular date)

Adjustment Entries (a particular date)

Adjusted Ledger (a particular date)

Adjusted Trial Balance (a particular date)

* Financial Statements

1. Income Statement (Revenue – Expenses)

2. Owner’s Equity Statement (Owner’s Capital + Net profit/ (loss) – Owner’s Drawings)

3. Balance Sheet (Assets = Liabilities + Owner’s Equity)

4. Cash flow Statement

Steps of Worksheet

1. Copy Trial Balance from the question

2. Using adjusting journal entries we have post on Adjustments column

3. We have to add Trial balance amounts with Adjustments (Dr. + Dr., Cr. + Cr., Dr. – Cr.)

4. Income Statement (Dr. = Expenses, Cr. = Revenue)

5. Balance Sheet (Dr. = Assets, Owner’s Drawings, Net loss

Cr. = Liabilities, Owner’s Capital, Accumulated Depreciation, Net Profit)

6. Find out the profit or loss

7. Transfer the profit or loss to Balance Sheet. If it profit then it will be on Cr., if loss it will be on Dr.)

* Preparing Financial Statements
* Closing Entries
* Post Closing Trial Balance