***Adjusting Entries***

Q. Given below is the unadjusted Trial Balance. On the end of September additional entries are as follows:

1. Earned $ 1000 of Unearned Revenue (This statement can also be given as balance of Unearned revenue = $2500 )

Unearned revenue is debit 1000, Revenue is credit 1000

2. Depreciated machinery by $500

Depreciation expense debit 500; Accumulated depreciation credit 500

(Depreciation expense is noncash expense)

3. The Balance of Supplies are $2500 (This statement can also be given as $ 3500supplies used)

Supplies Expense debit 3500 ; Supplies $3500

4. Interest on loan or interest on notes payable due $100

Interest expense debit 100, interest payable or accounts payable credit 100. DO NOT CREDIT NOTES PAYABLE

5. Prepaid Insurance paid for 1 year used for the month

Insurance Expense debit 2000, Prepaid Insurance credit 2000.

6. Salaries due $700

Salaries Expense debit 700, Accounts payable credit 700 or Salaries payable credit 700.

Steps:

1. Adjust in **adjusted journal (**Format is same as journal)
2. Correct the amounts and prepare adjusted trial balance.

Prepare:

Adjusted Journal

Worksheet

|  |  |  |
| --- | --- | --- |
| **Account Title** | **Unadjusted Trial Balance** | |
| **Debit** | **Credit** |
| Cash | $20,000 |  |
| Accounts Receivable | 16,000 |  |
| Prepaid insurance | 24,000 |  |
| Supplies | 6,000 |  |
| Machinery | 60,000 |  |
| Accounts Payable |  | $40,000 |
| Unearned Revenue |  | 3,500 |
| Capital |  | 50,000 |
| Revenue |  | 32,200 |
| Utility Expense | 700 |  |
| Loan |  | 1000 |

Adjusted Journal.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Account title | Ref | Debit | Credit |
| Sep 30 | Unearned Revenue  Revenue |  | 1000 | 1000 |
| Sep 30 | Depreciation expense  Accumulated depreciation |  | 500 | 500 |
| Sep 30 | Supplies Expense  Supplies |  | 3500 | 3500 |
| Sep 30 | Interest Expense  Accounts payable |  | 100 | 100 |
| Sep 30 | Insurance Expense  Prepaid Insurance |  | 2000 | 2000 |
| Sep 30 | Salaries Expense  Accounts payable |  | 700 | 700 |
|  | Total |  | $7800 | $7800 |