

LESSON

6-4 Journalizing and Posting Adjusting Entries



Learning Objective

LO8 Journalize and post the adjusting entries for supplies and prepaid insurance.

Adjusting Entry for Supplies

LO8

- Journal entries recorded to update general ledger accounts at the end of a fiscal period are called **adjusting entries**.

Adjusting Entry for Supplies

LO8

Supplies Expense

Adj. (a)	530.00
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Supplies

Jan. 31 Bal.	620.00	Adj. (a)	530.00
(New Bal.	90.00)		

ACCOUNT TITLE	
5	<i>Supplies</i>
19	<i>Supplies Expense</i>

ADJUSTMENTS	
DEBIT	CREDIT
	(a) 530 00
(a) 530 00	

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DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT	CREDIT		
1	<i>Adjusting Entries</i>					1	
2 Jan. 31	<i>Supplies Expense</i>			530 00		2	
3	<i>Supplies</i>				530 00	3	

1 Heading

2 Date

3 Debit

4 Credit

Adjusting Entry for Prepaid Insurance

LO8

Insurance Expense

Adj. (b)	150.00
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Prepaid Insurance

Jan. 31 Bal.	900.00	Adj. (b)	150.00
(New Bal.)	750.00		

	ACCOUNT TITLE
6	<i>Prepaid Insurance</i>
17	<i>Insurance Expense</i>

3			4		
ADJUSTMENTS					
DEBIT			CREDIT		

1 Heading

3 Debit

2 Date

4 Credit

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DATE		ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT			CREDIT			
1		<i>Adjusting Entries</i>									
2	<i>20-- Jan. 31</i>	<i>Supplies Expense</i>			<i>5</i>	<i>3</i>	<i>0</i>	<i>00</i>			
3		<i>Supplies</i>							<i>5</i>	<i>3 0 00</i>	
4	<i>31</i>	<i>Insurance Expense</i>			<i>1</i>	<i>5</i>	<i>0</i>	<i>00</i>			
5		<i>Prepaid Insurance</i>							<i>1</i>	<i>5 0 00</i>	

Partial Ledger Accounts after Posting Adjusting Entries

LO8

ACCOUNT <i>Supplies</i>										ACCOUNT NO. 150														
DATE			ITEM			POST. REF.			DEBIT			CREDIT			BALANCE									
															DEBIT			CREDIT						
<i>Jan.</i>	2					G1			1	6	5	00					1	6	5	00				
	5					G1			2	2	0	00					3	8	5	00				
	19					G1			1	0	5	00					4	9	0	00				
	28					G2			1	3	0	00					6	2	0	00				
	31					G3							5	3	0	00	9	0	0	00				

ACCOUNT <i>Prepaid Insurance</i>													ACCOUNT NO. 160				
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE												
					DEBIT					CREDIT							
<i>Jan.</i> 3		G1	9 0 0 00						9 0 0 00								
31		G3		1 5 0 00					7 5 0 00								

ACCOUNT <i>Insurance Expense</i>										ACCOUNT NO. 550									
DATE			ITEM			POST. REF.		DEBIT			CREDIT			BALANCE					
														DEBIT			CREDIT		
Jan.		31				G3		1 5 0 00						1 5 0 00					

ACCOUNT <i>Supplies Expense</i>										ACCOUNT NO.									
DATE		ITEM	POST. REF.	DEBIT				CREDIT				BALANCE							
												DEBIT				CREDIT			
<i>Jan.</i>	31		G3	5	3	0	00					5	3	0	00				

Lesson 6-4 Audit Your Understanding

1. Why are adjusting entries journalized?

ANSWER

To update general ledger accounts at the end of a fiscal period

Lesson 6-4 Audit Your Understanding

2. Where is the information obtained to journalize adjusting entries?

ANSWER

Balance Sheet Credit column

Lesson 6-4 Audit Your Understanding

- 3.** Which accounts are increased from zero balances after adjusting entries for supplies and prepaid insurance are journalized and posted?

ANSWER

Supplies Expense

Insurance Expense