Name:

Date:

School:

Facilitator:

4.03 Adjusting Entries

Total Points: 60

# Adjusting Journal Entry

**Prepare the adjusting journal entry.**

## Adjusting Entry For Prepaid Insurance:

1. Olympic Sports Wear purchased a three month (December through February) insurance policy on December 1, 2012 at a cost for the quarterly period of $1,500. The accounting clerk debited the Prepaid Insurance account and credited cash for $1500 on December 1. It is now the end of the accounting year (December 31, 2012) and only one month’s insurance cost of $500 has expired. Write the adjusting entry below:

|  |  |  |
| --- | --- | --- |
| Account | Debit | Credit |
|  |  |  |
|  |  |  |

## Adjusting Entry for Depreciation:

2. Olympic Sports Wear has determined the Depreciation for Equipment for 2020 is $2,500.00. Write the Adjusting Entry Below

|  |  |  |
| --- | --- | --- |
| Account | Debit | Credit |
|  |  |  |
|  |  |  |

## Adjusting Entry For Un-Recorded Sales:

3. Olympic Sports Wear is preparing invoices for sales that have not been received. The total is $800.00. Write the Adjusting Entry Below

|  |  |  |
| --- | --- | --- |
| Account | Debit | Credit |
|  |  |  |
|  |  |  |

# Missing Depreciation

**Calculate the missing parts of depreciation and insert the correct answers into the empty cells**

## Calculating Estimated Depreciation

**4.** Using the straight-line method, find the estimated annual depreciation for each fixed asset below.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Asset** | **Original cost** | **Salvage value** | **Total amount to be depreciated** | **Years of estimated useful life** | **Estimated annual depreciation** |
| Computer | $2,200 | $200 |  | 5 years |  |
| Desk | $1,750 | $250 |  | 15 years |  |

# Additional Practice

**Answer to the best of your ability.**

## Accounting Concepts

**5.** In the space provided below, explain why adjusting entries are made in the accounting records before financial statements are prepared.

## Accounting Cycle

**6.** In the space provided below, list the 8 steps of the accounting cycle.