

CONCEPT: SUMMARY OF ADJUSTING ENTRIES

Deferrals – Cash _____		
	First Entry	Later Entry
Prepaid Expenses	<i>Pay cash and record asset:</i>	<i>Record expense and decrease asset (passage of time):</i>
Supplies	<i>Pay cash and record asset:</i>	<i>Record expense and decrease asset (how much left?):</i>
Unearned Revenues	<i>Receive cash and record unearned revenue:</i>	<i>Perform for customer, record revenue, decrease unearned revenue:</i>

Accruals – Cash _____		
	First Entry	Later Entry
Accrued Expenses	<i>Receive benefit from expense, but haven't paid (create a liability):</i>	<i>Pay for the expense, remove liability</i>
Accrued Revenues	<i>Perform for customer, but haven't been paid (create an asset):</i>	<i>Receive payment, remove asset</i>

Depreciation – breaks up the up-front cost of a long-term asset over its _____		
	First Entry	Later Entry
Depreciation	<i>Purchase a long-term asset:</i>	<i>Time passes and there is less "useful life" left:</i>
<i>Net Book Value = Purchase Price – Accumulated Depreciation</i>		