

CHEAT SHEET

ADJUSTING ENTRIES SIMPLIFIED:
ACCOUNTING MADE EASY



Prepaid Expenses

A payment made for goods or services before they are received or used

Original Entry:

Dr. Prepaid Expense (Prepaid Insurance or Prepaid Rent)
Cr. Cash

Adjusting Entry:

Dr. Insurance Expense or Rent Expense
Cr. Prepaid Expense (Prepaid Insurance or Prepaid Rent)

Supplies

Items consumed during an accounting period that have not yet been accounted for as expenses

Original Entry:

Dr. Supplies
Cr. Cash or Accounts Payable

Adjusting Entry:

Dr. Supplies Expense
Cr. Supplies

Unearned (Deferred) Revenues

Money received for goods or services that have not yet been provided.

Original Entry:

Dr. Cash
 Cr. Unearned Revenue or Deferred Revenue

Adjusting Entry:

Dr. Unearned Revenue or Deferred Revenue
 Cr. Service Revenue or Sales

Depreciation

Allocation of an asset's cost over its useful life to account for its loss of value over time.

Original Entry:

Dr. Building or Equipment (Related Property, Plant & Equipment Account)
 Cr. Cash or Related Payable Account

Adjusting Entry:

Dr. Depreciation Expense
 Cr. Accumulated Depreciation

Accrued Revenue

Income earned but not yet received or recorded at the end of an accounting period.

Adjusting Entry:

Dr. Accounts Receivable or Related Receivables Account
 Cr. Sales Revenue or Related Revenue Account

Accrued Expense

Incurred expense that has not yet been paid or recorded by the end of an accounting period.

Adjusting Entry:

Dr. Interest Expense or Salaries Expense Or Related Expense Account
 Cr. Interest Payable or Salaries Payable or Related Payables Account