

Adjusting Entries

(Crossword Puzzle #1)

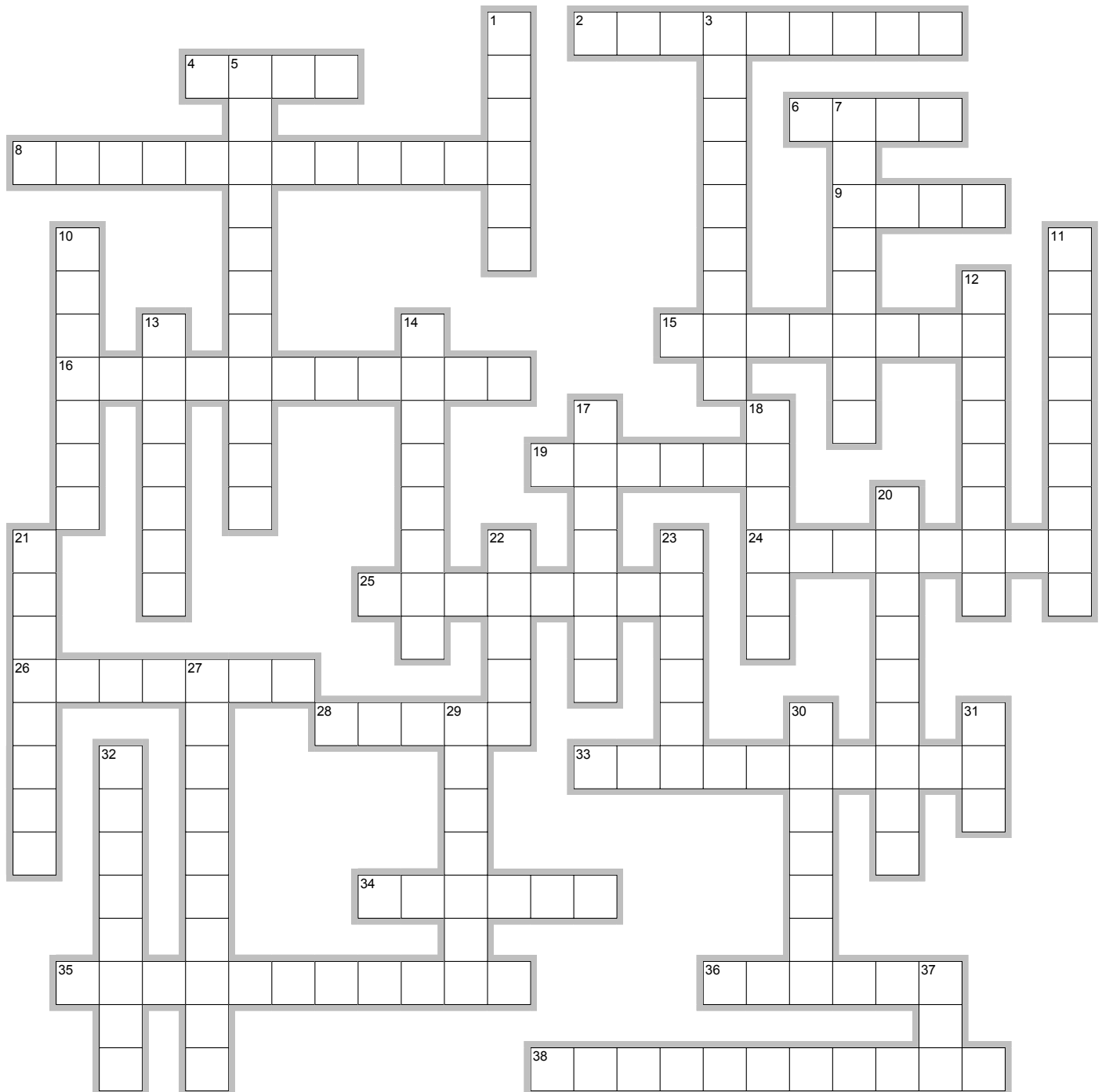


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Crossword Puzzle (Adjusting Entries #1)



ACROSS (Adjusting Entries #1)

2. On December 1 a company purchased \$700 of supplies—approximately a three-month supply. On December 1 the asset Supplies was debited for \$700. On December 31 the company needs to prepare a prepayment-type _____ entry.
4. The amount reported on a company's balance sheet for supplies should be the amount of supplies on _____.
6. Adjusting entries are likely to be dated the _____ day of the accounting period.
8. Recording the _____ on equipment used in a business is an example of an adjusting entry.
9. The accrual basis of accounting does a better job of reporting the profitability of a company than does the _____ basis of accounting.
15. The accrued interest that the bank has earned but has not yet _____ is reported as a debit balance in the account Interest Receivable.
16. Deferrals can be thought of as _____. When these are future expenses paid in advance, they are reported as assets until they are used up or until they expire. When they are receipts for future revenues, they are reported as liabilities until they are earned.
19. On December 1 a company borrowed \$10,000 at 12%. The loan and the interest are both due six months later. On December 31 the company should record an adjusting entry to _____ an expense of \$100.
24. The accrued interest owed by Company D on a Note Payable is a credit balance in the account _____ Payable.
25. Failure to record accrued _____ (plural) will result in reporting net income that is too low—understates net income.
26. Prepaid insurance will become an expense as the prepaid amount _____.
28. A prepaid expense is reported as which type of account? (asset, liability, expense, etc.)
33. Depreciation is the systematic _____ of the cost of an asset (used in a business) to expense over the useful life of the asset. (It is not a valuation technique.)

Across (Adjusting Entries #1)

- 34. Accumulated Depreciation is a _____-asset account.
- 35. Customer deposits for future services will be listed under which financial statement category? (assets, liabilities, expenses, etc.)
- 36. An adjusting entry to accrue revenues will include a _____ to a revenue account.
- 38. The principle that supports the reporting of revenue when it is earned (as opposed to when cash is received) is the revenue _____ principle.

Down (Adjusting Entries #1)

1. Deferred revenues will become revenues when they are _____.
3. _____ costs are reported as assets.
5. The adjusting entry for depreciation will include a credit to _____ Depreciation.
7. A company has earned fees for providing services but has not billed for these services as of the end of the accounting period. Preparing an adjusting entry to record these revenues means the company is _____ these revenues.
10. The amount of insurance premiums that are paid in advance and have not yet expired should be reported in the account _____ Insurance.
11. When Company X owes a client a service in the future because the client has paid in advance, Company X has a _____ that must be reported.
12. The _____ trial balance is prepared after the adjusting entries have been recorded in the accounts.
13. Adjusting entries are recorded in the _____ journal.
14. Deferred or _____ revenues are reported as liabilities.
17. Adjusting entries are used to convert accounting information from the cash basis of accounting to the _____ basis of accounting.
18. The time _____ assumption is also known as the periodicity assumption. It means that an ongoing business can be divided into years, quarters, months, etc.
20. A _____ entry is made on the first day of an accounting period to ensure that an accrual adjusting entry amount on the previous day will not result in double-counting.
21. One month before a company's accounting year ends, it pays for six months of insurance premiums. The balance sheet prepared at the end of the accounting period should report that five months of this cost was not expensed. We often say that five months of this cost was _____ to the balance sheet.
22. An adjusting entry to recognize that part of a customer's prepayment has been earned will include a _____ to a liability account.

Down (Adjusting Entries #1)

- 23. For financial statements, equipment used in a business should be depreciated over the equipment's _____ life.
- 27. The entry to accrue revenues that have been earned but not yet processed through the general ledger will involve Service Revenues (or Fees Earned) and Accounts _____.
- 29. The amount of prepaid insurance that expired in the current accounting period should be reported as Insurance _____.
- 30. Electric and gas service is provided to your company by the local utility. After the service is delivered, the meter is read and a bill is prepared. If the accounting period ends before the utility bill is received, the company will need to prepare an adjusting entry involving Utilities Expense and Utilities (or Accounts) _____.
- 31. The typical number of income statement accounts involved in an adjusting entry.
- 32. The accounting principle that requires expenses to be reported on the income statement when they occur rather than when they are paid.
- 37. The typical number of accounts involved in an adjusting entry.

Solutions (Adjusting Entries #1)

