7. Adjusting trial balance

Why adjust the trial balance?

Journalising & posting adjustments

Closing IS accounts to the BS

Quiz

The Accounting Cycle

1. Analyse business transactions: choose accounts & amounts

2. Journalise transactions: write entity's financial diary

3. Post to ledger accounts: create entity's financial database

4. Prepare a trial balance: check transaction posting & maths

5. Journalise & post adjusting entries: pre-payments & accruals

6. Prepare adjusted trial balance: check posting & maths again

7. Prepare the financial statements: BS, IS, SCF and SOE

8. Journalise & post closing entries: to begin next period

9. Prepare a post-closing trial balance: check maths again

Why adjust the trial balance?

Journalising & posting adjustments

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Quiz
Journalising adjustments to the trial balance

d. On December 30, 2008 LJB sells merchandise to a customer, on credit, for $565,000. The merchandise has a cost to LJB of $422,000.

    d. 1. Accounts Receivable ........................................... 565,000
        Sales Revenues ........................................................................................................... 565,000
        To record sales on account

    d. 2. Cost of Goods Sold ............................................. 422,000
        Merchandise Inventory .............................................................................................. 422,000
        To record cost of sales