

Glencoe Accounting

Chapter 18: Adjustments and the Ten-Column Worksheet

I-Summary

The end of a fiscal period is an important time for an accountant. In this chapter, you learned about the kinds of adjustments that are required to bring accounts to their up-to-date balances.

Accounts like Supplies, Prepaid Insurance, Merchandise Inventory, and Federal Corporate Income Tax must be examined and adjusted at the end of each period. The worksheet is used to prepare a trial balance, calculate adjustments, and compute net income or loss for the period.

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I-Quiz

1. What is an adjustment?
 - A. a method used to correct posting errors
 - B. an amount added to or subtracted from an account balance
 - C. a calculation of an account balance
2. From where are the amounts in the trial balance column of the worksheet obtained?
 - A. general journal
 - B. general ledger
 - C. Adjusted Trial Balance section of the prior period's work sheet
3. How are the debit and credit portions of the adjustments labeled on the worksheet?
 - A. with check marks
 - B. with account numbers in parentheses
 - C. with small letters in parentheses
4. What is the effect of recording an adjustment for used supplies?
 - A. an Increase to Supplies Expense and a decrease to Supplies
 - B. an Increase to Supplies and a decrease to Supplies Expense
 - C. Supplies is not an account that is adjusted.
5. The adjusting entry to adjust merchandise inventory affects which two accounts?
 - A. Supplies and Merchandise Inventory
 - B. Income Summary and Merchandise Inventory
 - C. Purchases and Income Summary

Answer Key

1. B
2. B
3. C
4. A
5. B