

FINANCE AT A GLANCE

Posting the adjusting entries

Lesson 56

Having journalized the adjusting entries, we will now proceed to post them to the ledgers. The journal entries we made dated January 31, 2010 are shown in the journal below.

We shall use the ledgers we finished with in Lesson 51, when we posted the earlier transactions of the month. To follow the posting process, please look under the column Post Ref. (Posting Reference) of the journal, and locate the ledger with that number from among the ledgers below. The ledgers that are affected in the posting have headings in red. The accounting entries posted are likewise in red.

Journal

Date	Description	Post Ref.	Debit	Credit
Jan. 31, 2010	Utilities	5.08	550	
	Accrued liabilities	2.02		550
	<i>Provision for expected utilities expenses for the month.</i>			
Jan. 31, 2010	Prepaid expenses	1.04	500	
	Sales and marketing expenses	5.07		500
	<i>Recognition of prepaid sales and marketing expenses arising from postponement of activities already paid for.</i>			
Jan. 31, 2010	Depreciation	5.09	4,168	
	Accumulated depreciation	1.50		4,168
	<i>Recognition of depreciation of office equipment.</i>			

Ledgers

1.01 Cash		
	Debit	Credit
Beginning bal	0	
Jan. 3, 2010	900,000	
		250,000 Jan. 7, 2010
		50,000 Jan. 12, 2010
		7,500 Jan. 25, 2010
Ending bal	592,500	

1.02 Accounts receivables		
	Debit	Credit
Beginning bal	0	
Jan. 18, 2010	50,000	
Ending bal	50,000	

1.03 Inventories		
	Debit	Credit
Beginning bal	0	
Jan. 12, 2010	100,000	
		35,000 Jan. 18, 2010
Ending bal	65,000	

1.04 Prepaid expenses

	<i>Debit</i>	<i>Credit</i>
Beginning bal	0	
Jan. 31, 2010	500	
Ending bal	500	

1.05 Fixed assets

	<i>Debit</i>	<i>Credit</i>
Beginning bal	0	
Jan. 7, 2010	250,000	
Ending bal	250,000	

1.50 Accumulated depreciation

	<i>Debit</i>	<i>Credit</i>
Beginning bal		0
Jan. 31, 2010	4,168	
Ending bal	4,168	

2.01 Accounts payables

	<i>Debit</i>	<i>Credit</i>
		0 Beginning bal
		50,000 Jan. 12, 2010
	50,000	Ending bal

2.02 Accrued liabilities

	<i>Debit</i>	<i>Credit</i>
		0 Beginning bal
		2,000 Jan. 31, 2010
		550 Jan. 31, 2010
	2,550	Ending bal

2.04 Long-term debt

	<i>Debit</i>	<i>Credit</i>
		0 Beginning bal
		400,000 Jan. 3, 2010
		400,000 Ending bal

3.01 Capital stock

	<i>Debit</i>	<i>Credit</i>
		0 Beginning bal
		500,000 Jan. 3, 2010
	500,000	Ending bal

4.01 Sales

	<i>Debit</i>	<i>Credit</i>
		0 Beginning bal
		50,000 Jan. 18, 2010
	50,000	Ending bal

5.01 Cost of goods sold

	<i>Debit</i>	<i>Credit</i>
Beginning bal	0	
Jan. 18, 2010	35,000	
Ending bal	35,000	

5.05 Salaries

	<i>Debit</i>	<i>Credit</i>
Beginning bal	0	
Jan. 25, 2010	5,000	
Ending bal	5,000	

5.06 Rent

	<i>Debit</i>	<i>Credit</i>
Beginning bal	0	
Jan. 31, 2010	2,000	
Ending bal	2,000	

5.07 Sales and marketing expenses

	<i>Debit</i>	<i>Credit</i>
Beginning bal	0	
Jan. 25, 2010	2,500	
		500 Jan. 31, 2010
Ending bal	2,000	

5.08 Utilities

	<i>Debit</i>	<i>Credit</i>
Beginning bal	0	
Jan. 31, 2010	550	
Ending bal	550	

5.09 Depreciation

	<i>Debit</i>	<i>Credit</i>
Beginning bal	0	
Jan. 31, 2010	4,168	
Ending bal	4,168	

After posting the adjusting entries, the post adjustment trial balance come next. This will be done in the next lesson.