

The adjusting process discussion

Finance



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Task The Adjusting Process discussion The adjusting process can be regarded as the scrutinizing and bringing up to financial records at the interlude before financial statements is organized. The adjustments are usually made since most of the account balances found in the ledger occur in the financial statements without any alterations (Warren, Carl, James, and Jonathan 104). The entries made to update the financial records, are regarded as, adjusting entries. These entries produce an impact on at least a single income statement on the financial records and a single balance sheet. The accounts are often adjusted after transaction so as to reveal the accurate balance at the closing stages of the period. In certain cases, the records are not reorganized except at the closing stages of the period. The adjustments are updated because certain expenses are never recorded on a daily basis, certain revenues and operating expense are acquired as business transpires rather than as a detached transaction and certain revenues and operating costs may not be recorded. The four categories of accounts that require adjusting entries include; prepaid expenses, accrued expenses, unearned revenues and accrued revenues (Warren, Carl, James, and Jonathan 105).

Gift cards

In accordance to ethics, there are dictations that a commodity ought to have a precise date by which money ought to be recompensed to the buyer in cases where the commodity has not been utilized as a charge up to the moment it is either utilized or recompensed. This means that the gift card ought to have an expiry date to ensure that fairness is dictated. A gift card assures that the buyer's money is not used up at the same situate where they purchased the card. The implications are that accounting for the cards <https://assignbuster.com/the-adjusting-process-discussion/>

transaction offers an evolving reporting for vendors. The accounting for the previous transaction for the cards cannot reveal any reputed worth but rather a legal responsibility for overdue profits and the unused cost creates problems in accounting.

Work Cited

Warren, Carl S, James M. Reeve, and Jonathan Duchac. Financial and Managerial Accounting. Mason, Ohio: South-Western Cengage Learning, 2012. Print.