

# Accounting ch. 8



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Journal entries recorded to update general ledger accounts at the end of a fiscal period are called adjusting entries. Adjusting entries are recorded on the next journal page following the page on which the last daily transactions for the month are recorded. True. If the beginning balance of Supplies was \$2,500 and the ending balance of Supplies is 1,750, what is the amount of the adjusting entry to Supply Expense for the period? \$750. If the balance in Prepaid Insurance had a debit of \$2,400 and the value insurance coverage remaining at the end of the period is \$600, what entry should be made to adjust Insurance Expense and Prepaid Insurance? Debit Insurance Expense for \$1,800 and credit Prepaid Insurance for \$600. Accounts used to accumulate information from one fiscal period to the next are called permanent accounts. The ending account balance of permanent accounts for one fiscal period are "zeroed out" for the next fiscal period. False. Nominal accounts are also known as temporary accounts. True. Temporary accounts begin a new fiscal period with the ending balance from the previous fiscal period. False. If a business incurs a net loss, the closing entry is a credit to the owner's capital account and a debit to the income summary account. False. A trail balance prepared after the closing entries are posted is called a post-closing trial balance. True. Only general ledger accounts with balances are included on a post-closing trial balance. True. Although the temporary accounts are closed and have zero balances, they still appear on a post-closing trial balance to prove that they've been "zeroed out." False. The series of accounting activities included in recording financial information for a fiscal period is called the accounting cycle. When total expenses are more than revenue resulting in a net loss, the income summary account has a debit balance. A temporary account titled Income

Summary is used to summarize the closing entries for the revenue and expense accounts ON ACCOUNTING CH. 8 SPECIFICALLY FOR YOU FOR

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