Ex: on 1. Oct.2022, yazici company purchased $5,000 equipment. This equipment is estimated to depreciate $480 annually.
**required: if you knew that yazici co. prepares monthly financial statements, record the adjusting entry on oct.31.2022**

Journal entry :

1.oct. Dr equipment 5,000
 Cr cash 5,000

|  |
| --- |
| Equipment |
| Cr | Dr |
|  | Beg bal 0 |
|  | 1.oct 5,000  |
|  | **End bal 31/10 5,000**  |

1/1 .....31/1...28/2....31/3…..30/4…31/5….30/6…31/7….31/8….30/9 1/10…..31/10….30/11 …31/12

Adjusting entry:

31/10. Dr depreciation exp 40 income stat
 Cr Accumulated depreciation – equipment 40 balance sheet

Dep per month = 480/12 = 40

Note: Acc dep – equip. مجمع الاهتالاك - contra asset account

 عكس الأصول ( يزيد بال cr و يقل بال dr )
ضمن الأصول لكن باشارة سالبة بمعنى كلما زاد هذا الحساب قلت الأصول

|  |
| --- |
| Dep exp  |
| Cr | Dr |
|  | End bal 0 |
|  | Adj 40  |
|  |  **End bal after adj 31/10 40**  |

|  |
| --- |
| Acc dep - equip |
| Cr | Dr |
| End bal 0 |  |
| Adj 40 |  |
| **End bal after adj 31/10 40**  |  |

**Balance sheet 31/10**

Assets

 Equipment ( cost) 5,000
 less: Acc dep – equip (40) 4,960 book value doesn’t equal Fair value

 قيمة دفترية لا تساوي القيمة السوقية
قيمة الدفترية تقل مع مرور الوقت ( مع مرور الوقت تزيد رصيد مجمع الاهتلاك)

Adjusting entry for dep: increased expense , decreased NI & RE & Equity & assets
before adj entry : expense understated, NI & RE & EQUITY & Assets overstated

**Calculate the book value of equipment that will appear in balance sheet 30/11**

Book value = equipment ( cost) – acc dep equip 30/11( after adj)
 = 5,000 - (2\*40) =4,920
 = 5.000 – 80 = 4,920

30/11. Dr dep exp 40
 Cr acc dep – equip 40

|  |
| --- |
| Acc dep - equip |
| Cr | Dr |
| Beg bal (1/11) 40  |  |
| **End bal (30/11) 40**  |  |
| Adj 40 |  |
| **End bal after adj 30/11 80**  |  |

**Calculate the book value of equipment that will appear in balance sheet 31/12**

Book value = equipment ( cost) – acc dep equip 31/12( after adj)
 = 5,000 – 120 = 4,880
 = 5,000 – (3\*40) = 4,880

Ex: on 1. Oct.20222, yazici company purchased $5,000 equipment. This equipment is estimated to depreciate $480 annually.
**required: if you knew that yazici co. prepares quarterly financial statements, record the adjusting entry on dec.31.2022**

Journal entry :
1.oct. Dr equipment 5,000
 Cr cash 5,000

|  |
| --- |
| Equipment |
| Cr | Dr |
|  | Beg bal 0 |
|  | 1.oct 5,000  |
|  | **End bal 31/12 5,000**  |

1/1 ……………….31/3……………………..….30/6…………………………30/9 1/10…………31/12…….. 31/3

Adjusting entry:
31/12. Dr Dep exp 120
 Cr acc dep – equip. 120

Dep per month = 480/12 = 40
dep for 3 months = 40\*3 = 120

|  |
| --- |
| Acc dep - equip |
| Cr | Dr |
| End bal 31/12 0 |  |
| Adj 120  |  |
| **End bal after adj 31/12 120**  |  |

31/3. Dr depreciation expense 120 income statement
 Cr accumulated depreciation – equipment 120 balance sheet

|  |
| --- |
| Acc dep - equip |
| Cr | Dr |
| Beg bal (1/1) 120  |  |
| **End bal ( 31/3) 120** |  |
| Adj 120  |  |
| **End bal after adj 31/3 240**  |  |

Ex: on 1. Oct.2022, yazici company purchased $5,000 equipment. This equipment is estimated to depreciate $480 annually.
**required: if you knew that yazici co. prepares semi-annually financial statements, record the adjusting entry on dec.31.2022**

1.oct. Dr equipment 5,000
 Cr cash 5,000

|  |
| --- |
| Equipment |
| Cr | Dr |
|  | Beg bal 0 |
|  | 1.oct 5,000  |
|  | **End bal 31/12 5,000**  |

1/1 ………………..……………………..….30/6………………1/10…………….…………31/12 ……………… 30/6.

Adj entry :

Dec.31. Dr dep exp 120
 Cr acc dep – equip 120

june.30 . Dr dep exp 240
 Cr acc dep 240
dep for 6 month = 480/ 2 = 240 = 40 \* 6 = 240

Ex: on 1. sep.2022, yazici company purchased $5,000 equipment. This equipment is estimated to depreciate $480 annually.
**required: if you knew that yazici co. prepares annually financial statements, record the adjusting entry on dec.31.2022**

1.sep. Dr equipment 5,000
 Cr cash 5,000

|  |
| --- |
| Equipment |
| Cr | Dr |
|  | Beg bal 0 |
|  | 1.sep 5,000  |
|  | **End bal 31/12 5,000**  |

1/1 …………..……………………..….………………1/9…………….…………31/12/2022…………. 31/12/2023

adj entry
31/12/2022. Dr dep exp 160
 Cr acc dep – equip 160

dep for 4 months = 4 \*(480/12) = 160

31/12/2023. Dr dep exp 480
 Cr acc dep 480