

CONCEPT: ADJUSTING ENTRIES – ACCRUED REVENUES

- Adjusting entries include **deferrals**, **accruals**, and **depreciation**.

☐ **Accrued Revenues** – revenues earned before _____ is received.

POP QUIZ: Accounts Receivable are:

- a) Expenses
- b) Liabilities
- c) Assets
- d) Revenues

☐ There are two important dates for recording accrued revenues:

The revenue recognition date: the date the company performed its end of the bargain (_____ principle)

On April 25, the company sold \$500 worth of goods to a customer on account.

Cash Receipt Date – The customer pays their debt to the company and the account receivable is removed from the books

On June 12, the company received:

\$500 from the customer

\$300 from the customer

Accounts Receivable Balance:

Accounts Receivable Balance:

PRACTICE: On December 23, a customer placed an order with Timely, Inc. On December 28, Timely, Inc. delivered the product to the customer. Timely's accountant forgot to make the entry and made the entry on January 3. The customer paid its account in full on January 7. When should Timely, Inc. record the revenue?

- a) December 23
- b) December 28
- c) January 3
- d) January 7