Accrual Accounting – PDI 2009

Cash Method – Revenue Example

1. Your department receives an order to do a blood test sample on 4/30/07 for $200. The test results are completed and invoiced on 5/31/07. The customer pays the invoice on 7/2/07 when the cash is deposited by your department. Record the entry(s) based on the cash method of accounting.

   ![Cash Method Diagram]

   ![Revenue Method Diagram]

Accrual Method – Revenue Example

2. Record the entry(s) based on the accrual method of accounting.

   ![Accrual Method Diagram]
3. Your department places an order for lab supplies on 4/30/07 for $50. You receive the items and use them on 5/31/07. You pay the vendor on 7/2/07. Record the entry(s) based on the cash method of accounting.

Cash Method – Expense Example

4. Record the entry(s) based on the accrual method of accounting.

Accrual Method – Expense Example
Accrual Accounting – PDI 2009

Cash Method – Other Accruals Assets

5. Your department pays for a one year service contract on 4/1/07 for $1,800. On 4/30/07
   your department uses one month of the contract. On 5/31/07 your department uses
   another month. And on 6/30/07 your department uses another month. Record the
   entry(s) based on the cash method of accounting.

   Cash
   Debit Credit

   Expense
   Debit Credit

Accrual Method – Other Accruals Assets

6. Record the entry(s) based on the accrual method of accounting.

   Cash   Prepaid Expenses   Expense
   Debit Credit Debit Credit Debit Credit
Accrual Accounting – PDI 2009

Cash Method – Other Accruals Liabilities

7. Your department receives revenue for a two week youth soccer camp which is paid in advance on 5/15/07. The two week camp costs $500 ($50/day). The dates of the camp are 6/25/07-7/6/07 Monday through Friday. Record the entry(s) based on the cash method of accounting.

Accrual Method – Other Accruals Liabilities

1. Record the entry(s) based on the accrual method of accounting.