

THE EFFECTS OF ADJUSTING ENTRIES ON THE FINANCIAL STATEMENTS

Adjustment	Income Statement			Balance Sheet		
	Revenue	Expenses	Net Income	Assets	Liabilities	Owners' Equity
Type I						
Converting Assets to Expenses	No effect	Increase	Decrease	Decrease	No effect	Decrease
Type II						
Converting Liabilities to Revenue	Increase	No effect	Increase	No effect	Decrease	Increase
Type III						
Accruing Unpaid Expenses	No effect	Increase	Decrease	No effect	Increase	Decrease
Type IV						
Accruing Uncollected Revenue	Increase	No effect	Increase	Increase	No effect	Increase

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