

The Financial Worksheet

The 8-Column Financial Worksheet

**A Real-World
Accounting Lesson**

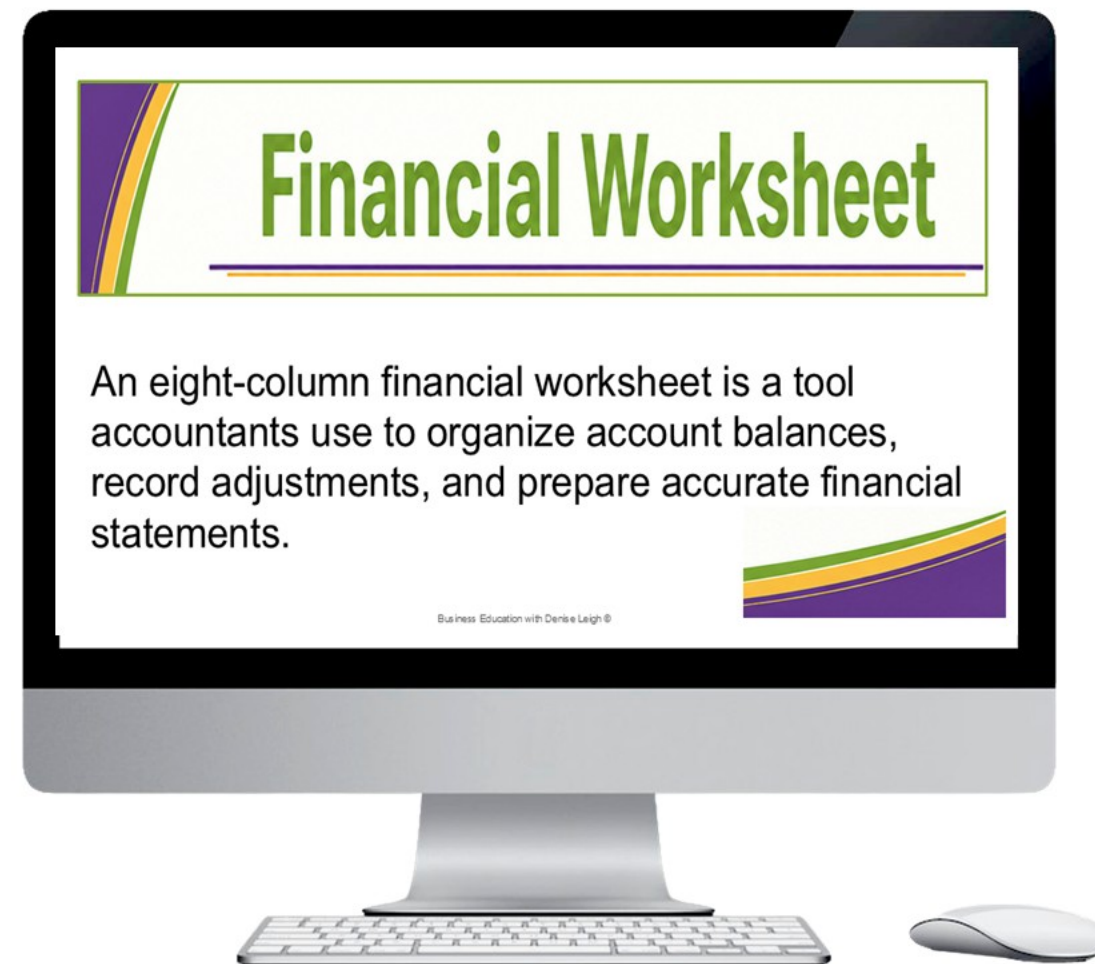
Adjusting Entries

Trial Balance

Income Statement

Balance Sheet

**NO PREP!
SAVES YOU TIME!**



BUSINESS EDUCATION WITH *Denise Leigh*

NO PREP Digital Activity

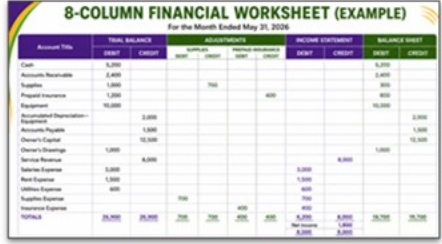
What's included?

- ✓ 11-Slide Interactive Lesson File
- ✓ Teacher's Key
- ✓ Video Walkthrough (YouTube access req'd)



Financial Worksheet

Learning an eight-column financial worksheet is like learning long division before using a calculator. You may not use it every day in a job, but understanding the process helps you know what the software is doing and catch mistakes.



Account Title	TOTAL BALANCE		ADJUSTMENTS		ADJUSTED BALANCE		BALANCE SHEET	
	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	5,000				5,000		5,000	
Accounts Receivable	2,000				2,000		2,000	
Supplies	1,000				1,000		1,000	
Prepaid Insurance	1,000				1,000		1,000	
Equipment	10,000				10,000		10,000	
Accounts Payable		2,000				2,000		2,000
Owner's Capital		15,000				15,000		15,000
Owner's Drawings	1,000				1,000		1,000	
Service Revenue		8,000				8,000		8,000
Salaries Expense	5,000				5,000			
Rent Expense	1,000				1,000			
Utilities Expense	500				500			
Supplies Expense		200				200		
Insurance Expense		200				200		
Net Income							2,000	
TOTALS	20,000	20,000	2,000	2,000	22,000	22,000	20,000	20,000

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The 8-Column Financial Worksheet

The eight-column financial worksheet helps you understand the accounting process, even though accounting software now does most of this work automatically.

Here's what happens in the real world:

- Small businesses use accounting software such as QuickBooks, Xero, or Sage.
- Medium and large companies use enterprise systems like SAP, Oracle NetSuite, or Microsoft Dynamics.
- These programs automatically:
 - Post adjusting entries
 - Update account balances
 - Generate income statements
 - Generate balance sheets
 - Create other financial reports



The concepts behind the worksheet are still very important. Every accountant must understand:

- Why adjustments are made
- How adjustments affect financial statements
- How net income changes owner's equity
- How financial statements connect

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TEACHER NOTE: Students **DO NOT** complete a full 8-column financial worksheet in this resource.

I quit teaching "*how to complete a financial worksheet*" years ago and shifted my instructional focus to "*analyzing an 8-column financial worksheet*" which is a much better use of instructional classroom time in 2026.

What is it?

Why learn it?

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The Parts of a Financial Worksheet

Financial Worksheet

Trial Balance



Content:

Includes all accounts and their balances.

Purpose/Goal:

Check to see if balances equal.

Adjustments



Content:

Includes insurance and supplies that have been used up.

Purpose/Goal:

Expense assets that are used up.

Income Statement



Content:

List account balances for revenue and expenses.

Purpose/Goal:

List all accounts that will essentially determine a net loss or a net gain.

Balance Sheet



Content:

List account balances for assets, liabilities, and owner's equity.

Purpose/Goal:

Includes all account balances that will be on the Balance Sheet.



Directions: Each column of the financial worksheet contains valuable content with a purpose or goal.

Adjustments

Why Do We Make Adjustments?

Adjustments make sure the financial statements show the true financial picture of the business.

Two common adjustments businesses make

Supplies → Supplies Expense



Supplies are things the business uses up as it operates (like pens, paper, and cleaning products).

When supplies are used, they are an **expense**, not an asset. We adjust to move the amount used to **Supplies Expense**.

Prepaid Insurance → Insurance Expense



Prepaid insurance is paid before it is used (for example, a 12-month policy).

As time passes, the insurance is used up and becomes an **expense**. We adjust to move the amount used to **Insurance Expense**.



Goal: Adjustments help match expenses to the period they are used in, giving an accurate net income.



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Why Do You Adjust?

Supplies → Supplies Expense

Supplies (Asset)



On hand (asset)

As supplies are used up...

Supplies Expense (Expense)



Used up (expense)

Prepaid Insurance → Insurance Expense

Prepaid Insurance (Asset)



Advanced (asset)

As time passes, insurance is used up...

Insurance Expense (Expense)



Used up (expense)

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What Happens If We Don't Adjust?

Supplies Not Adjusted



Supplies stay too high



Expenses stay too low

Net income is too high.

Prepaid Insurance Not Adjusted



Prepaid insurance stays too high



Expenses stay too low



Net income is too high.



Adjustments give an **accurate** picture of expenses and net income.



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Why Happens if You Don't Adjust?

An Example Financial Worksheet

8-COLUMN FINANCIAL WORKSHEET (EXAMPLE)

For the Month Ended May 31, 2026

Account Title	TRIAL BALANCE		ADJUSTMENTS				INCOME STATEMENT		BALANCE SHEET	
	DEBIT	CREDIT	SUPPLIES DEBIT	CREDIT	PREPAID INSURANCE DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
Cash	5,200								5,200	
Accounts Receivable	2,400								2,400	
Supplies	1,000			700					300	
Prepaid Insurance	1,200					400			800	
Equipment	10,000								10,000	
Accumulated Depreciation—Equipment		2,000								2,000
Accounts Payable		1,500								1,500
Owner's Capital		12,500								12,500
Owner's Drawings	1,000								1,000	
Service Revenue		8,000						8,000		
Salaries Expense	3,000						3,000			
Rent Expense	1,500						1,500			
Utilities Expense	600						600			
Supplies Expense			700				700			
Insurance Expense					400		400			
TOTALS	26,900	26,900	700	700	400	400	6,200	8,000	19,700	19,700
							Net Income	1,800		
							8,000	8,000		

Adjustments Made:

- Supplies used: \$700
Debit Supplies Expense \$700
Credit Supplies \$700
- Insurance expired: \$400
Debit Insurance Expense \$400
Credit Prepaid Insurance \$400



Income Statement Summary

Total Revenues	\$ 8,000
Total Expenses	(6,200)
Net Income	\$ 1,800



Balance Sheet Summary (May 31, 2026)

Total Assets	\$18,700
Total Liabilities	(1,500)
Owner's Equity	\$17,200
Total Liabilities & Owner's Equity	\$18,700



Income Statement / Balance Sheet Examples

These financial statements were created by using an 8-column worksheet...

INCOME STATEMENT		BALANCE SHEET	
For the Month Ended May 31, 2024		May 31, 2024	
REVENUES		ASSETS	LIABILITIES & OWNER'S EQUITY
Service Revenue	\$ 8,000	Current Assets	Current Liabilities
Total Revenues	<u>\$ 8,000</u>	Cash	Accounts Payable
		Accounts Receivable	
		Supplies	Total Current Liabilities
		Prepaid Insurance	
		Total Current Assets	Owner's Equity
EXPENSES		Noncurrent Assets	Owner's Capital
Salaries Expense	\$ 1,500	Equipment	
Rent Expense	1,000	Less: Accumulated Depreciation—Equipment	Add: Net Income
Utilities Expense	500		
Supplies Expense	700	Net Noncurrent Assets	Less: Owner's Drawings
Insurance Expense	400		
Total Expenses	<u>\$ 6,200</u>	TOTAL ASSETS	TOTAL LIABILITIES & OWNER'S EQUITY
NET INCOME	<u>\$ 1,800</u>		
			
Net Income = Total Revenues – Total Expenses		The Accounting Equation Assets = Liabilities + Owner's Equity \$18,700 = \$1,500 + \$17,200	

Critical Thinking Prompts

Using Our Critical Thinking Skills...

1. Why do you think accountants still learn the eight-column financial worksheet if most businesses use accounting software today?

2. What problems could a business face if an accountant relied only on accounting software without understanding how adjustments affect the financial statements?

3. Imagine a business forgets to adjust supplies and prepaid insurance before creating its financial statements. How could that affect the owner's decisions?

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Students answer the prompts right in the slides.

Using Our Critical Thinking Skills...

4. Why do you think the financial worksheet begins with the trial balance instead of going straight to the income statement?

5. What can one tell from the income statement?

6. What can one tell from the balance sheet?

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11 Slides Digital Slides Included

Financial Worksheet

An eight-column financial worksheet helps accountants use to organize record adjustments, and prepare financial statements.

The eight-column financial worksheet helps you organize the accounting process, even though accounting software does most of this work.

Here's what happens in the real world:

- Small businesses use accounting software such as QuickBooks, Xero, Sage or
- Medium and large companies use enterprise systems like SAP, Oracle NetSuite
- These programs automatically:
 - Post adjusting entries
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 - Generate income statements
 - Generate balance sheets
 - Create other financial reports

The concepts behind the worksheet are still very important. Every accountant must understand:

- Why adjustments are made
- How adjustments affect financial statements
- How net income changes owner's equity
- How financial statements connect

Financial Worksheet

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8-COLUMN FINANCIAL WORKSHEET (EXAMPLE)								
For the Month Ending May 31, 2020								
Account No.	Trial Balance		Adjustments		Income Statement		Balance Sheet	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Cash	5,200						5,200	
Accounts Receivable	2,400						2,400	
Supplies	1,000						300	
Prepaid Insurance	1,200						800	
Equipment	10,000						10,000	
Accumulated Depreciation—Equipment		2,000						2,000
Accounts Payable		1,500						1,500
Owner's Capital		12,500						12,500
Owner's Drawings		1,000						1,000
Service Revenue								
Salaries Expense					3,000			
Rent Expense					1,500			
Utilities Expense					600			
Supplies Expense					700			
Insurance Expense					400			
TOTALS	26,900	26,900	700	700	6,200	6,200	19,700	19,700

Financial Worksheet



Content: Includes all accounts and their balances.

Purpose/Goal: Check that all accounts balance.



Content: Includes insurance and supplies that have been used up.

Purpose/Goal: Adjust assets and liabilities to their actual values.



Content: List account balances for revenue and expenses.

Purpose/Goal: Determine net income or net loss.

Why Do We Make Adjustments?

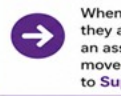
Adjustments make sure the financial statements show the true financial picture of the business.

Two common adjustments businesses make:

Supplies → Supplies Expense



Supplies are things the business uses up as it operates (like paper, pens, and cleaning products).



When supplies are used, they are an expense, not an asset. We adjust to move the amount used to Supplies Expense.

Prepaid Insurance → Insurance Expense



Prepaid insurance is paid before it is used (for example, a 12-month policy).



As time passes, the insurance is used up and becomes an expense. We adjust to move the amount used to Insurance Expense.

Adjustments help match expenses to the period they are incurred in, giving an accurate net income.

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Supplies → Supplies Expense



On hand (asset)

As supplies are used up...



Supplies Expense (Expense)

Prepaid Insurance → Insurance Expense



Paid in advance (asset)

As time passes, insurance is used up...



Insurance Expense (Expense)

These financial statements were created using an 8-column financial worksheet.

INCOME STATEMENT

Month Ended May 31, 2024

REVENUES

Sales Revenue \$ 8,000

Total Revenues \$ 8,000

EXPENSES

Salaries Expense \$ 3,000

Rent Expense 1,500

Utilities Expense 600

Supplies Expense 700

Insurance Expense 400

Total Expenses \$ 6,200

NET INCOME \$ 1,800

Net Income = Total Revenues - Total Expenses

BALANCE SHEET

May 31, 2024

ASSETS

Current Assets

Cash \$ 5,200

Accounts Receivable 2,400

Supplies 300

Prepaid Insurance 800

Total Current Assets \$ 8,700

Noncurrent Assets

Equipment \$ 10,000

Less: Accumulated Depreciation—Equipment (2,000)

Net Noncurrent Assets \$ 8,000

TOTAL ASSETS \$ 16,700

LIABILITIES & OWNER'S EQUITY

May 31, 2024

LIABILITIES

Accounts Payable \$ 1,500

Total Liabilities \$ 1,500

OWNER'S EQUITY

Owner's Capital \$ 12,500

Owner's Drawings 1,000

Total Owner's Equity \$ 11,500

TOTAL LIABILITIES & OWNER'S EQUITY \$ 16,700

The Accounting Equation: Assets = Liabilities + Owner's Equity

\$16,700 = \$1,500 + \$15,200

Using Our Critical Thinking Skills.

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6. What can one tell from the balance sheet?

Google Slides that **easily converts** to PowerPoint

I taught High School Accounting for 28 years.

Hi! My name is Denise Leigh. I have been teaching Business Education for over 25 years! I love collaborating with business educators all over the world. I am a 2022 Pennsylvania Teacher of the Year Finalist and relentless lifetime learner and lover of everything education. Engaging students and connecting them to their world is my jam! Thank you for exploring my resources and sharing my passion for BUSINESS EDUCATION!

Denise Leigh is an expert on student-led instruction. She was featured on CBS Pittsburgh for her City Collaborative™ Project-Based Business Education (PBL) Classroom.

