Intermediate ACCT Cheat Sheet

by cmobe2 via cheatography.com/13569/cs/1466/

First Part of semester

	Year 1	Year 2	Year 3	Total
Sales (on credit)	$100,000	$100,000	$100,000	$300,000
Net Operating Cash Flows				
Cash receipts from customers	$ 50,000	$125,000	$125,000	$300,000
Cash disbursements:				
Prepayment of three years' rent	(60,000)	–0–	–0–	(60,000)
Salaries to employees	(50,000)	(50,000)	(50,000)	(150,000)
Utilities	(5,000)	(15,000)	(10,000)	(30,000)
Net operating cash flow	$ (65,000)	$ 60,000	$ 65,000	$ 60,000

Trial Worksheet

Worksheet, Dress Right Clothing Corporation, July 2013

A	B	C	D	E	F	G	H	I	J	K	L	M
	Unadjusted Trial Balance		Adjusting Entries				Adjusted Trial Balance		Income Statement		Balance Sheet	
Account Title	Dr.	Cr.		Dr.		Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Cash	68,500						68,500				68,500	
Accounts receivable	2,000						2,000				2,000	
Supplies	2,000				(1)	800	1,200				1,200	
Prepaid rent	24,000				(2)	2,000	22,000				22,000	
Inventory	38,000						38,000				38,000	
Furniture and fixtures	12,000						12,000				12,000	
Accumulated depr.- furniture & fixtures		-			(3)	200		200				200
Accounts payable		35,000						35,000				35,000
Note payable		40,000						40,000				40,000
Unearned rent revenue		1,000	(4)	250				750				750
Salaries payable		-			(5)	5,500		5,500				5,500
Interest payable		-			(6)	333		333				333
Common stock		60,000						60,000				60,000
Retained earnings	1,000						1,000				1,000	
Sales revenue		38,500						38,500		38,500		
Rent revenue		-			(4)	250		250		250		
Cost of goods sold	22,000						22,000		22,000			
Salaries expense	5,000		(5)	5,500			10,500		10,500			
Supplies expense	-		(1)	800			800		800			
Rent expense	-		(2)	2,000			2,000		2,000			
Depreciation expense	-		(3)	200			200		200			
Interest expense	-		(6)	333			333		333			
Totals	174,500	174,500		9,083		9,083	180,533	180,533				
Net income									2,917			2,917
Totals									38,750	38,750	144,700	144,700

Reporting

Reporting Revenues and Expenses	With only a few exceptions, the same accounting principles applicable to annual reporting are used for interim reporting.
Reporting Unusual Items	Discontinued operations and extraordinary items are reported entirely within the interim period in which they occur.
Earnings Per Share	Quarterly EPS calculations follow the same procedures as annual calculations.
Reporting Accounting Changes	Accounting changes made in an interim period are reported by retrospectively applying the changes to prior financial statements.

Interest Bearing

November 1, 2014		
Notes receivable	25,000	
Cash		25,000
December 31, 2014		
Interest receivable	500	
Interest revenue ($25,000 x 12% x 2/12)		500
November 1, 2015		
Cash	28,000	
Note receivable		25,000
Interest receivable		500
Interest revenue ($25,000 x 12% x 10/12)		2,500

Gross Net

Gross Method

October 5, 2013		
Accounts receivable	20,000	
Sales revenue		20,000
October 14, 2013		
Cash	13,720	
Sales discounts	280	
Accounts receivable		14,000
November 4, 2013		
Cash	6,000	
Accounts receivable		6,000

Net Method

October 5, 2013		
Accounts receivable	19,600	
Sales revenue		19,600
October 14, 2013		
Cash	13,720	
Accounts receivable		13,720
November 4, 2013		
Cash	6,000	
Accounts receivable		5,880
Interest revenue		120

Bank Recon

Bank Balance
- \+ Deposits in Transit
- \- Outstanding Checks
- ± Bank Errors
- = Corrected Balance

Book Balance
- \+ Bank Collections
- \- Service Charges
- \- NSF Checks
- ± Book Errors
- = Corrected Balance

Bad Debt

Current Period Credit Sales
× Estimated Bad Debt %
= Estimated Bad Debt Expense

Bad Debt Journal

Bad debt expense	2,400	
Allowance for uncollectible accounts		2,400

Allowance For Uncollectable

Allowance for Uncollectible Accounts	
	200
	2,300
	2,500

weighted avg

Picture This, LLC
Inventory of frame number 759

	Units	Cost per Unit	Total Cost
Beginning inventory	2,000	$ 10.00	$20,000.00
Purchase 9/3	1,000	10.75	10,750.00
Purchase 9/21	1,000	10.95	10,950.00
Units available for sale	4,000		$41,700.00
Units sold in September			
Sale 9/7	500		
Sale 9/29	1,500		
Units sold in September	2,000	$ 10.425	20,850.00
Units in ending inventory	2,000	$ 10.425	$20,850.00

Perp Inv Journal

2013		
Inventory	600,000	
Accounts payable		600,000
To record the purchase of merchandise inventory.		
2013		
Accounts receivable	820,000	
Sales revenue		820,000
To record sales on account.		
Cost of goods sold	540,000	
Inventory		540,000
To record cost of goods sold.		

Perp COGS

Beginning Inventory
\+ Net Purchases
Cost of Goods Available for Sale
\- Ending Inventory
= Cost of Goods Sold

Perpetual

Picture This, LLC
Inventory of frame number 759

	Units	Cost per Unit	Total Cost
Beg. Inventory	2,000	$ 10.00	$20,000.00
Purchase 9/3	1,000	10.75	10,750.00
Purchase 9/21	1,000	10.95	10,950.00
Units available for sale	4,000		$41,700.00
Units sold in September			
Sale 9/7	500		
Sale 9/29	1,500		
Units sold in September	2,000		
Units in ending inventory	2,000		

LIFO DVL

December 31,	Inventory at base-year costs	Cost index	Ending inventory
2013	$ 150,000	100%	$ 150,000
2014	160,000		
2014 LIFO Layer	$ 10,000	105%	10,500
Inventory			$ 160,500

10,000 × 1.05 = 10,500

Indirect Cash

ARLINGTON LAWN CARE
Statement of Cash Flows
For the Year Ended December 31, 2013

		($ in thousands)
Cash Flows from Operating Activities		
Net income		$35
Adjustments for noncash effects:		
Depreciation expense	$ 8	
Changes in operating assets and liabilities:		
Increase in prepaid insurance	(4)	
Increase in accounts receivable	(12)	
Increase in accounts payable	7	
Increase in income taxes payable	15	14
Net cash flows from operating activities		$49

Ratio

Financial Statement Analysis: List of Ratios

Liquidity

- Net Working Capital: Current Assets – Current Liabilities
- Current Ratio: $\frac{\text{Current Assets}}{\text{Current Liabilities}}$
- Quick Ratio: $\frac{\text{Cash + Marketable Securities + Receivables}}{\text{Current Liabilities}}$

Activity

- Accounts Receivable Turnover: $\frac{\text{Net Credit Sales}}{\text{Average Accounts Receivable}}$
- Average Collection Period: $\frac{365}{\text{Accounts Receivable Turnover}}$
- Inventory Turnover: $\frac{\text{Cost Of Goods Sold}}{\text{Average Inventory}}$
- Average Age of Inventory: $\frac{365}{\text{Inventory Turnover}}$
- Total Asset Turnover: $\frac{\text{Net Sales}}{\text{Average Total Assets}}$

Leverage

- Debt Ratio: $\frac{\text{Total Debt}}{\text{Total Assets}}$
- Debt/Equity Ratio: $\frac{\text{Total Liabilities}}{\text{Stockholders' Equity}}$
- Times Interest Earned: $\frac{\text{Earnings Before Interest \& Taxes}}{\text{Interest Expense}}$

Profitability

- Gross Profit Margin: $\frac{\text{Gross Profit}}{\text{Net Sales}}$
- Profit Margin: $\frac{\text{Net Income}}{\text{Net Sales}}$
- Return On Total Assets: $\frac{\text{Net Income}}{\text{Average Total Assets}}$
- Return On Common Equity: $\frac{\text{Net Income}}{\text{Common Equity}}$

Market Value

- Earnings Per Share: $\frac{\text{Net Income – Preferred Dividends}}{\text{Common Stock Outstanding}}$
- Price/Earnings Ratio: $\frac{\text{Market Price Per Share}}{\text{Earnings Per Share}}$
- Book Value Per Share: $\frac{\text{Stockholders' Equity – Preferred Stock}}{\text{Common Stock Outstanding}}$
- Dividend Yield: $\frac{\text{Dividends Per Share}}{\text{Market Price Per Share}}$
- Dividend Payout: $\frac{\text{Dividends Per Share}}{\text{Earnings Per Share}}$

Direct Cash

ARLINGTON LAWN CARE
Statement of Cash Flows
For the Year Ended December 31, 2013

	($ in thousands)
Cash Flows from Operating Activities	
Cash received from customers*	$78
Cash paid for general and administrative expenses**	(29)
Net cash flows from operating activities	$49

*Service revenue of $90 thousand, less increase of $12 thousand in accounts receivable.
**General and administrative expenses of $32 thousand, less increase of $7 thousand in accounts payable, plus increase of $4 thousand in prepaid insurance.

Adjusting Perp

We need the following adjusting entry to record cost of good sold.

December 31, 2013		
Cost of goods sold	540,000	
Inventory (ending)	180,000	
Inventory (beginning)		120,000
Purchases		600,000

To adjust inventory, close the purchases account, and record cost of good sold.

Non Bearing

January 1, 2014		
Notes receivable	25,000	
Discount on notes receivable		3,000
Sales revenue		22,000
($25,000 * 12% = $3,000)		
December 31, 2014		
Cash	25,000	
Discount on notes receivable	3,000	
Notes receivable		25,000
Interest revenue		3,000

With Recourse

Cash (90% × $600,000)	540,000	
Loss on sale of receivables (to balance)	39,000	
Receivable from factor ($50,000 – 24,000 fee)	26,000	
Recourse liability		5,000
Accounts receivable (book value sold)		600,000

Returns

Actual Returns		
Sales returns	130,000	
Accounts receivable		130,000
Inventory	78,000	
Cost of goods sold (60%)		78,000
Adjusting Entries		
Sales returns	70,000	
Allowance for sales returns		70,000
Inventory–estimated returns	42,000	
Cost of goods sold (60%)		42,000

Installment method

Make Installment Sale:		
November 1, 2013		
Installment receivables	800,000	
Inventory		560,000
Deferred gross profit		240,000
To record installment sale.		

During 2013, Belmont Corporation collected $200,000 on its installment sales.

Collect Cash:		
November 1, 2013		
Cash	200,000	
Installment receivables		200,000
To record cash collection from installment sale.		
Deferred gross profit	60,000	
Realized gross profit		60,000
To recognize gross profit from installment sale.		

This entry records the realized gross profit by adjusting the deferred gross profit account.

Change

Type of Accounting Changes	Definition
Change in Accounting Principle	Change from one GAAP method to another GAAP method
Change in Accounting Estimate	Revision of an estimate because of new information or new experience
Change in Reporting Entity	Preparation of financial statements for an accounting entity other than the entity that existed in the previous period

Percent Revenue

$$\text{Gross profit recognized this period} = \left(\text{total estimated gross profit} \times \text{percentage completed to date}\right) - \text{gross profit recognized in prior periods}$$

Dupont

$$\text{Return on equity} = \text{Return on assets} \times \text{Equity multiplier}$$

$$\frac{\text{Net income}}{\text{Avg. total equity}} = \frac{\text{Net income}}{\text{Avg. total assets}} \times \frac{\text{Avg. total assets}}{\text{Avg. total equity}}$$

Gross Left Discounts

October 5, 2013					
Purchases	20,000		Purchases	19,600	
Accounts payable		20,000	Accounts payable		19,600
October 14, 2013					
Accounts payable	14,000		Accounts payable	13,720	
Purchase discounts		280	Cash		13,720
Cash		13,720			
November 4, 2013					
Accounts payable	6,000		Accounts payable	5,880	
Cash		6,000	Interest expense	120	
			Cash		6,000

POcompletion journal

	2013		2014		2015	
Construction in progress	1,500,000		1,000,000		1,600,000	
Cash, materials, etc.		1,500,000		1,000,000		1,600,000
To record construction costs.						
Accounts receivable	1,200,000		2,000,000		1,800,000	
Billings on construction contract		1,200,000		2,000,000		1,800,000
To record progress billings.						
Cash	1,000,000		1,400,000		2,600,000	
Accounts receivable		1,000,000		1,400,000		2,600,000
To record cash collections.						

POcompletion

	2013	2014	2015
Construction costs incurred during the year	$1,500,000	$1,000,000	$1,600,000
Construction costs incurred in prior years	–0–	1,500,000	2,500,000
Cumulative construction costs	1,500,000	2,500,000	4,100,000
Estimated costs to complete at end of year	2,250,000	1,500,000	–0–
Total estimated and actual construction costs	$3,750,000	$4,000,000	$4,100,000
Billings made during the year	$1,200,000	$2,000,000	$1,800,000
Cash collections during year	1,000,000	1,400,000	2,600,000

loss on construction

		($ in millions)
Net income		$xxx
Other comprehensive income:		
Net unrealized holding gains (losses) on investments (net of tax)*	$x	
Gains (losses) from and amendments to postretirement benefit plans (net of tax)†	(x)	
Deferred gains (losses) from derivatives (net of tax)‡	(x)	
Gains (losses) from foreign currency translation (net of tax)§	x	xx
Comprehensive income		$xxx

*Changes in the market value of certain investments (described in Chapter 12).
†Gains and losses due to revising assumptions or market returns differing from expectations and prior service cost from amending the plan (described in Chapter 17).
‡When a derivative designated as a cash flow hedge is adjusted to fair value, the gain or loss is deferred as a component of comprehensive income and included in earnings later, at the same time as earnings are affected by the hedged transaction (described in the Derivatives Appendix to the text).
§Gains or losses from changes in foreign currency exchange rates. The amount could be an addition to or reduction in shareholders' equity. (This item is discussed elsewhere in your accounting curriculum.)

Cost Recovery

Make Installment Sale:		
November 1, 2013		
Installment receivables	800,000	
Inventory		560,000
Deferred gross profit		240,000
To record installment sale.		
Collect Cash:		
November 1, 2013, 2014, 2015, and 2016		
Cash	200,000	
Installment receivables		200,000
To record cash collection from installment sale.		
November 1, 2013 and 2014		
No entry for gross profit.		
November 1, 2015		
Deferred gross profit	40,000	
Realized gross profit		40,000
To recognize gross profit from installment sale.		
November 1, 2016		
Deferred gross profit	200,000	
Realized gross profit		200,000
To recognize gross profit from installment sale.		

Adjust to Market

1. Record the loss as a separate item in the income statement

Loss on write-down of inventory	XX	
Inventory		XX

2. Record the loss as part of cost of goods sold.

Cost of goods sold	XX	
Inventory		XX

Conv Retail

	Cost	Retail
Inventory, July 1	$ 21,000	$ 35,000
Plus: Net purchases	200,000	304,000
Net markups		8,000
Cost ratio:	221,000	347,000
(221,000 ÷ 347,000) = 63.69%		
Less: Net markdowns		(4,000)
Goods available for sale	221,000	343,000
Less: Sales for July		(300,000)
Estimated ending inventory at retail		$ 43,000
Estimated ending inventory at cost	$ 27,387	

DISCOUNTS

Gross Method		Net Method
Discount terms are 2/10, n/30.	Partial payment not made within the discount period	$20,000
$14,000		x 0.02
x 0.02		$ 400
$ 280		-120
		$ 280

DVL LIFO

Ending inventory at base-year retail
$ 43,000
(Determined earlier)

Step 1
Ending inventory adjusted for price changes
$ 43,000 ÷ 1.02 = $ 42,157

Step 2 Inventory Layers at Base Year Retail Prices				Step 3 Inventory Layers Converted to LIFO Cost
$ 42,157				
35,000	x 1.00	x 60.00%	=	$ 21,000.00
7,157	x 1.02	x 64.94%	=	4,740.71
Total Ending Inventory at Dollar Value LIFO Retail Cost				$ 25,740.71

Gross PR Method

Beginning inventory		$ 237,400	Sales	$ 1,213,000
Plus: Net purchases		728,300	Gross profit percentage	43%
= Goods available for sale		965,700	Estimated gross profit	$ 521,590
Sales	$ 1,213,000			
Less: estimated gross profit	(521,590)			
Less: Estimated COGS		$ (691,410)		
Estimated ending inventory		$ 274,290		

LIFO Retail

	Cost	Retail
Inventory, July 1 ($21,000 ÷ $35,000 = 60%)	$ 21,000	$ 35,000
Plus: Net purchases	200,000	304,000
Net markups		8,000
Less: Net markdowns		(4,000)
Goods available for sale	200,000	308,000
($200,000 ÷ $308,000 = 64.94% rounded)		
Sales for July		(300,000)
LIFO layer for July		8,000

	Retail				Cost
Beginning inventory	$ 35,000	x	60.00%	=	21,000
Current period's layer	8,000	x	64.94%	=	5,195 **
Total	$ 43,000				26,195

** rounded

Lower Cost Market

Selling Price	-	Cost to Complete	=	NRV
$ 30.00	-	$ 4.00	=	$ 26.00

Replacement Cost =$21.50

NRV	-	Normal Profit	=	(NRV - NP)
$ 26.00	-	$ 5.00	=	$ 21.00

Retail Avg Method

	Cost	Retail
Inventory, July 1	$ 21,000	$ 35,000
Plus: Net purchases	200,000	304,000
Net markups		8,000
Less: Net markdowns		(4,000)
Cost-to-retail percentage	221,000	343,000
(221,000 ÷ 343,000) = 64.43%		
Less: Sales for July		(300,000)
Estimated ending inventory at retail		$ 43,000
Estimated ending inventory at cost	$ 27,705	
($43,000 × 64.43% = $27,705)		

RetailMethod

	Cost	Retail
Inventory, May 1	$ 27,000	$ 45,000
Net purchases for May	180,000	300,000
Goods available for sale	207,000	345,000
Cost-to-retail percentage:		
(207,000 ÷ 345,000) = 60%		
Sales for May		(310,000)
Ending inventory at retail		$ 35,000
Ending inventory at cost	$ 21,000	