Cheatography

Accounting I Cheat Sheet

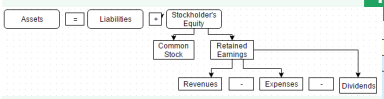
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Account Classification	Normal Bala
Assets	Debit
Contra asset	Credit
Liability	Credit
Contra liability	Debit
Owner's Equity	Credit
Stockholders' Equity	Credit
Owner's Drawing or Dividends Account	Debit
Revenues (or Income)	Credit
Expenses	Debit
Gains	Credit
Losses	Debit

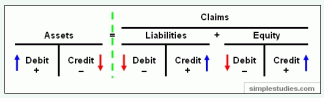
Account normal balances

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Basic Equation

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Basic Equation

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Paul's Guitar Shop, Inc.
Adjusted Trial Balance
December 31, 2015

Account	Debit	Credit
Cash	$ 32,800	
Accounts Receivable	300	
Prepaid Rent	1,000	
Inventory	39,800	
Leasehold Improvements	100,000	
Accumulated Depreciation		٤,٥٥٥
Accounts Payable		$ 49,000
Accrued Expenses		450
Unearned Income		1,00
Long-term Liabilities		99,50
Common Stock		10,000
Dividends	1,000	
Revenues		27,800
Cost of Goods Sold	10,200	
Depreciation Expense	2,000	
Rent Expense	500	
Supplies Expense	500	
Utilities Expense	400	
Wages Expense	750	
Interest Expense	500	
Totals	**$ 189,750**	**$ (189,750)**

Adjusted Trial Balance

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GENERAL JOURNAL J2

Date	Account Titles and Explanation	Ref.	Debit	Credit
2004	Adjusting Entries			
Oct. 31	Supplies Expense	611	1,500	
	Supplies	129		1,500
	(To record supplies used)			
31	Insurance Expense	722	50	
	Prepaid Insurance	130		50
	(To record insurance expired)			
31	Depreciation Expense	711	40	
	Accumulated Depreciation—Office Equipment	158		40
	(To record monthly depreciation)			
31	Unearned Revenue	209	400	
	Service Revenue	400		400
	(To record revenue for services provided)			
31	Accounts Receivable	112	200	
	Service Revenue	400		200
	(To record revenue for services provided)			
31	Interest Expense	905	50	
	Interest Payable	230		50
	(To record interest on notes payable)			
31	Salaries Expense	726	1,200	
	Salaries Payable	212		1,200
	(To record accrued salaries)			

Adjusting Entries

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Date	Description	Post	Debit	Credit
Sep 20	Bad Debt Expense		135	
	Accounts Receivable			135
	To record account determined to be uncollectible.			

direct write-off method

es

General Journal

Date	Accounts	Debit	Credit
Dec 31	Bad Debts Expense	8000	
	Allowance for Doubtful Accounts		8000
	To estimate the bad debts likely to occur next year.		

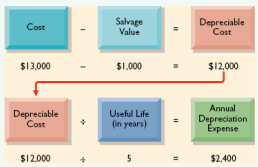
allowance method

es

$$\text{Annual Depreciation Expense} = \frac{\text{Cost of Fixed Asset} - \text{Residual Value}}{\text{Useful Life of Asset}(years)}$$

straight-line formula

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Units-of-activity depreciation

Terms

Fees Earned	Service Revenue
Common Stock	Capital Stock
FASB	Determine Accounting principles
Cost Principle	Record assets at their cost

Terms (cont)

Fair value principle	Price received to sell an asset or settle a liability
DEA	Debit to increase Dividends, expenses, and Assets
CLR	Credit to increase Capital stock, liabilities, revenues
Journalizing	Recording transactions
ALORE	Assets, Liabilities, Owner's Equity, Revenues, Expenses (Trial Balance order)

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Terms (cont)

Accrual-basis accounting	Record transactions that change a company's financial statements in the period they occur
Cash-basis accounting	Record revenue when they receive cash, not in accordance with GAAP
Revenue-recognition principle	Recognize revenue in the accounting period in which the service is performed
Expense-recognition principle (matching principle	expenses follow revenues, match expenses with revenues
Adjusted trial balance	trial balance - accumulated depreciation

Terms (cont)

FOB shipping	buyer pays
FOB destination	seller pays

Transactinons

Investment by stockholders	Dr Cash, Cr Common stock
Purchase of equipment for cash	Dr Equipment, Cr Cash
Purchase of supplies on account (credit	Dr Supplies, Cr Accounts payable
Services provided for cash	Dr Cash. Cr Revenue
Purchase of advertising on credit	Dr Advertising Expense, Cr Accounts payable
Services rendered for cash and credit	Dr Cash, Dr Accounts receivable, Cr Cash
Payment of expenses	Dr Expense, Cr Cash

Transactinons (cont)

Payment of Accounts payable	Dr Cash, Cr Accounts receivable
Receipt of cash on account	Dr Accounts payable, Cr Cash
Dividends	Dr Dividend, Cr Cash

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Where:

I = the Interest Money created in dollars

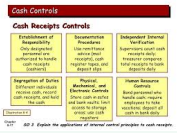
P = the "Principal" starting amount of money

R = the Interest Rate per year (in decimal form)

T = the Time the money is Invested, or Borrowed, in Years

Interest

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Date	Account	Post	Debit	Credit
20XX	Petty Cash		$200	
	Cash			$200
	Establish a petty cash fund			

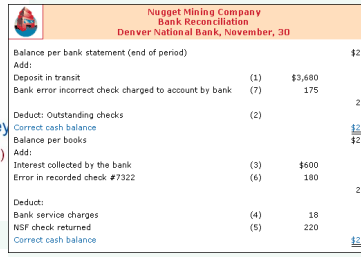
Petty cash

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Date	Account	Post	Debit	Credit
20XX	Staff Expenses		$40	
	Office Supplies		15	
	Transportation Expense		35	
	Cash Over and Short		10	
	Cash			$100
	Replenish petty cash fund.			

Petty cash2

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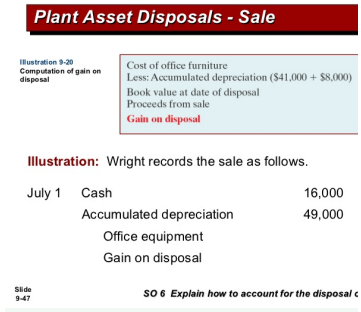


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Depreciation Journal Entry		
Date	Account Name	Debit
December 31		
	Depreciation Expense	1,000.0
	-Accumulated Depreciation	
To record depreciation expense on newly purchased		

Depreciation

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Gain on sale

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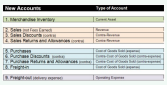
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Paul's Guitar Shop, Inc.
Income Statement
For the Year Ended December 31, 2015

Revenues		
Merchandise Sales	$ 24,800	
Music Lesson Income	3,000	
Total Revenues:		$ 27,800
Expenses		
Cost of Goods Sold	10,200	
Depreciation expense	2,000	
Wage expense	750	
Rent expense	500	
Interest expense	500	
Supplies expense	500	
Utilities expense	400	
Total Expenses:		14,850
Net Income		$ 12,950

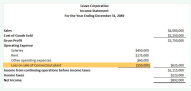
Income Statement

Pictures



New Accounts

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Loss on sale

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GOOF UP CORPORATION
Statement of Retained Earnings
For the Year Ending December 31, 20X5

Retained earnings - January 1, 20X5 - as previously reported	$500,000
Less: Effect of correction of depreciation error from 20X4	(50,000)
Corrected beginning retained earnings	$450,000
Plus: Net income	125,000
	$575,000
Less: Dividends	(25,000)
Retained earnings - December 31, 20X5	$550,000

Retained earnings

Pictures



Loss on sale

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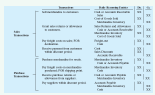
Double declining-balance method

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Closing entries

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Merchandising entries

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