The Basics of Accounting Cheat Sheet
by psx via cheatography.com/128773/cs/25357/

Elements of Financial Statements

Official Account Types	**For Beginners**
1. Assets	1. Assets
2. Liabilities	2. Liabilities
3. Capital/Equity	3. Capital/Equity
4. Investments by Owners	4. Revenues
5. Distributions to Owners	5. Expenses
6. Revenues	
7. Expenses	
8. Gains	
9. Losses	
10. Comprehensive Income	

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The Accounting Equation

Assets	**= Liabilities + Owner's Equity**

Computation for **Total Owner's Equity**

Beginning Capital	**(+)** when Owner transfers Money from Personal Bank Account to a Business Account (Company Name, Capital)
Income/ Revenues	**(+)** will ultimately INCREASE Capital
Expenses	**(-)** will ultimately DECREASE Capital

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Account Classification Practice

Specific Account Types	**Classification**
Accounts Payable	Liability
Cash	Asset
Notes Receivable	Asset
Equipment	Asset
Company Name, Capital	Capital/Equity
Supplies Expense	Expense
Building	Asset
Prepaid Rent	Asset
Fees Earned	Income/Revenue
Office Equipment	Asset
Miscellaneous Expense	Expense
Common Stock	Capital/Equity
Service Income	Income/Revenue
Unearned Fees	Liability
Supplies	Asset
Accounts Receivable	Asset
Prepaid Expenses	Asset
Mortgage Payable	Liability
Company Name, Drawing	Capital/Equity

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T-Accounts

make **Seperate Computations** for Each Specific Account Type (ex. Cash, Accounts Receivable, Supplies, Rent Expense and etc.) in the form of **T-Accounts to Tally the Total of Each Account**

the **Debit and Credit of Each T-Account** must **Balance** each other out

Debits	money **Taken** from your account to **Cover Expenses**
Credits	money **Coming Into** your account

T-Accounts (cont)

KEEP IN MIND: The **Debit** and **Credit** Entry of Each Specific T-Account depends on their **Primary Classification** which are as follows

Primary Classification of Accounts	Dr.	Cr.
1. Assets (A)	**(+)**	**(-)**
Cash or things like **Land, Equipment, or Business Vehicles** that could be CONVERTED into Cash		
2. Liabilities (L)	**(-)**	**(+)**
Debts you owe an individual or other businesses (ex. **Accounts Payable, Notes Payable, Loans, Unearned Revenue and etc.**)		
3. Capital/Equity (C)	**(-)**	**(+)**
this is the **Beginning Capital + Income - Expenses**		
also **Owner's Equity = Assets - Liabilities**		
4. Income/Revenues (I)	**(-)**	**(+)**
Cash earned through **Sales** (INCREASES CAPITAL)		
5. Expenses (E)	**(+)**	**(-)**
what you **Spend** money on to **Operate the Business** (DECREASES CAPITAL)		

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