

TICKET TO FLY!

Lesson 1-1: Net Worth Statements

If a bank requires a 2:1 ratio of assets to liabilities to be approved for a loan, what is the minimum amount John needs to have in assets if he has \$950 in liabilities?

What would his net worth be?

JUSTIFY your answers!

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Lesson 1-2: Accounting Equation & How Changes Affect Accounts

Write the account equation:

Background info for next 2 questions:

Austin has \$250 of cash in his wallet. He owes his parents \$25.

May 15: Austin went to The Cup to buy a coffee. He paid in cash \$5.

What is the balance in his Cash account now?

May 16: The next day, Austin went to The Cup again, but forgot his wallet. He was allowed to write his name down & pay the next day \$5.

What is his Accounts Payable balance now?

JUSTIFY your answers!

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Lesson 1-3: How Changes Affect Owner's Equity

Complete Allie's accounting equation:

$$\begin{array}{rcl} \$2500 & = & \$950 + \boxed{} \\ \text{(Assets)} & = & \text{Liabilities} + \text{Owner's Equity} \end{array}$$

Background info:

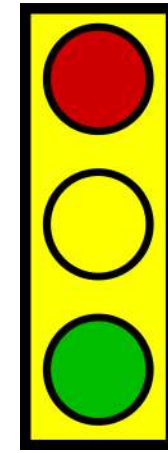
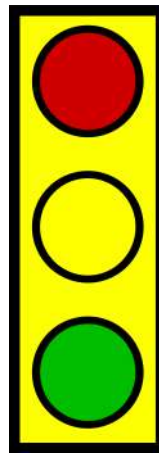
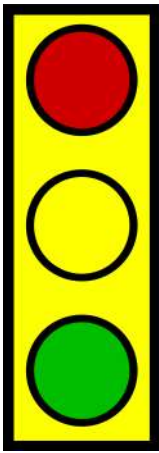
Allie has paid \$400 for her business phone bill for the last year.

July 5: Allie paid her business cell phone bill (\$50) with cash.

Which two accounting equation categories will be affected by this transaction, and what will their **ENDING BALANCES** be?

What is her Communication Expense account balance now?

JUSTIFY your answers!



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Lesson 2-1: Using T Accounts

Draw T Accounts

Write the category of each account below the T

Label the Debit/credit sides (dr. or cr.)

Label the Normal Balance side (NB)

Put an arrow (↑) on the increase side

Fred's Auto Shop Chart of Accounts:

Supplies

Accounts Receivable—Chuck Norris

Accounts Payable— Northwest Tire

Fred Kruger, Capital

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Lesson 2-2: Analyzing Transactions

Using the T accounts listed below,

Write account names on the pairs of t
accounts

Write amount of change due to the transaction

Aug. 15: Fred Kruger put \$1,000 of cash into the company as an investment.

Aug. 17: Fred paid cash on his account at Northwest Tire, \$500.

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Lesson 2-3: Analyzing Transactions that affect Owner's Equity

Using the T accounts listed below,

Write account names on the pairs of t
accounts

Write amount of change due to the transaction

Sep. 2: Fred rotated John Jones' tires, \$25. Fred let John charge to his account.

Sep. 5: Fred changed Jed Hog's oil, \$75. Jed paid Fred in cash.

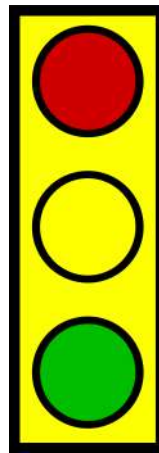


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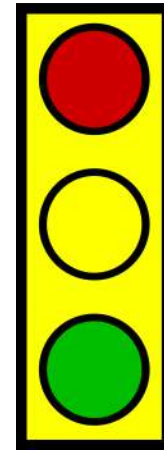


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Lesson 3-1: Journalizing Transactions

Using the two source documents below,
Journalize the transactions in the general journal.

Receipt No. 5	Receipt No. 5	Form 3
Date <u>October 5, 2019</u>	Date <u>October 5</u>	, 2019
From <u>John Jones</u>	Rec'd from <u>John Jones</u>	
For <u>Payment on Acct</u>	For <u>Payment on charge account</u>	
	Twenty-five dollars and no/100----- Dollars	
\$ <u>25.00</u>	Amount \$ <u>25.00</u>	
	Fred Kruger Received by	

No. 6	Form 3
Date <u>October 7, 2019</u>	\$ <u>45.00</u>
To <u>Office Smart</u>	
For <u>Supplies</u>	
BALANCE BROUGHT FORWARD	500 00
AMOUNT DEPOSITED <u>10/6/2019</u>	500 00
SUBTOTAL	1000 00
AMOUNT THIS CHECK	45 00
BALANCE CARRIED FORWARD	955 00

GENERAL JOURNAL						PAGE 1
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	GENERAL		
				DEBIT	CREDIT	
1						1
2						2
3						3
4						4

Lesson 3-2: Journalizing Transactions affecting Prepaid Insurance and Supplies

Journalize the following transactions on pg. 7 of the General Journal:

Nov. 1: Paid cash to Northwest Tire for outstanding invoice, \$250. Check No. 6.

4: Paid cash to Peters Insurance for 6 month policy, \$600. Check No. 7.

GENERAL JOURNAL						PAGE
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	GENERAL		
				DEBIT	CREDIT	
1						1
2						2
3						3
4						4

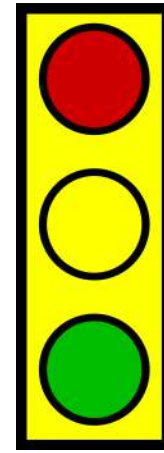
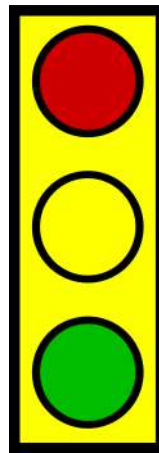
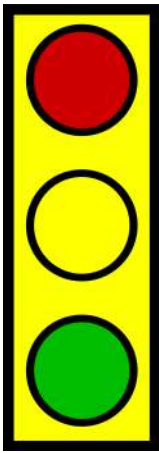
Lesson 3-3: Journalizing Transactions affecting Owner's Equity and Assets

Journalize the following transactions on pg. 7 of the General Journal:

Nov. 5: Paid cash to MDU for electric bill, \$120. Check No. 10.

8: Balanced tires for Jake Johnson, \$240. Allowed Jake to charge to his account. Sales Invoice No. 3.

GENERAL JOURNAL						PAGE
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	GENERAL		
				DEBIT	CREDIT	
1						1
2						2
3						3
4						4



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Lesson 3-4: Starting a New Journal Page & Correcting Errors

Fred has one line left on page 3 of his general journal. Start the new page for him.

The next transaction is dated Nov. 9.

GENERAL JOURNAL						PAGE
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	GENERAL DEBIT	GENERAL CREDIT	

Check the following transactions for accuracy on the journal below. If entries are incorrect, **make the corrections**. (HINT: there will be two corrections!)

Nov. 10: Fred wrote check #10, \$425.00 to pay for rent of his shop.

12: Fred bought supplies from Office Max, \$30. He charged to his account.

13: Fred received cash from Josh Jenkin for work done earlier, \$250.

GENERAL JOURNAL						PAGE	5
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	GENERAL DEBIT	GENERAL CREDIT		

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Lesson 4-1: Preparing Account Forms & Chart of Accounts

Fred's chart of accounts is listed below.

Fill in the three missing account name or numbers.

Fred's Auto Shop
123 Sunrise Pl
Belfield, ND 58622

CHART OF ACCOUNTS	
Balance Sheet Accounts	Income Statement Accounts
(100) ASSETS	(400) REVENUE
110 Cash	410
120 Petty Cash	
130 Accounts Receivable - Chuck Norris	(500) Expenses
Accounts Receivable - Jake Johnson	510 Advertising Expense
150 Accounts Receivable - John Jones	520 Cash Short and Over
160 Supplies	530 Communication Expense
170 Prepaid Insurance	540 Insurance Expense
	550 Rent Expense
(200) LIABILITIES	560 Supplies Expense
210 Accounts Payable-- Northwest Tire	570 Utilities Expense
220 Accounts Payable-- Office Max	
230 Accounts Payable-- Office Smart	
(300) OWNER'S EQUITY	
Fred Kruger, Capital	
320 Fred Kruger, Drawing	
330 Income Summary	

Fred has realized he needs a miscellaneous expense account for random expenses he pays. Based on the chart of accounts listed above, **decide** what the account number should be and **open** the new account.

ACCOUNT						ACCOUNT NO.	
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT	

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Lesson 4-2: Posting to the General Ledger & Proving Cash

Post the general journal entries to the general ledger. You will need to **open** the accounts first!

Prove cash. Balance on last check stub is \$1,970.

Accounts:

110 Cash, 160 Supplies, 310 Fred Kruger Capital, 410 Sales

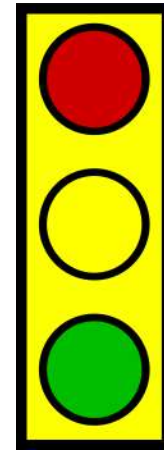
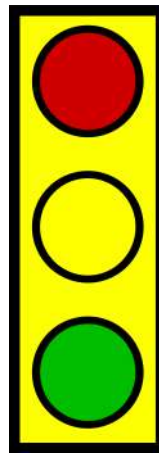
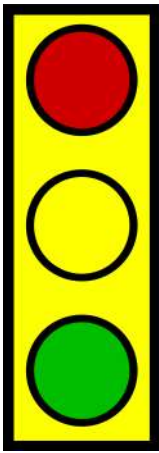
GENERAL JOURNAL						PAGE	5
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	GENERAL DEBIT	GENERAL CREDIT		

ACCOUNT						ACCOUNT NO.	
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT	

ACCOUNT						ACCOUNT NO.	
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT	

ACCOUNT						ACCOUNT NO.	
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT	

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DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT	



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RECONCILIATION OF BANK STATEMENT

Balance on Check Stub No. _____

DEDUCT BANK CHARGES:

Description	Amount
\$ _____	
Total bank charges →	

Adjusted Check Stub Balance..... \$ _____

Balance on Bank Statement.....

ADD OUTSTANDING DEPOSITS:

Date	Amount
Total outstanding deposits →	

SUBTOTAL..... \$ _____

DEDUCT OUTSTANDING CHECKS:

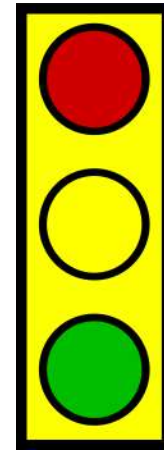
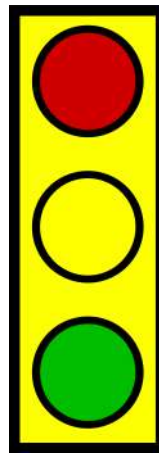
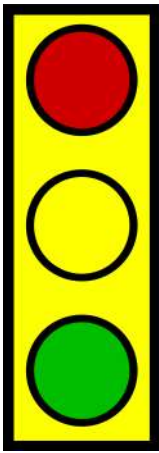
Chk. No.	Amount	Chk. No.	Amount
Total outstanding checks →			

Adjusted Bank Balance..... \$ _____

(Date) _____

INFO:

Bank statement balance: \$1970 / Bank service charge: \$20 / Outstanding deposit: \$550 on May 28 / Outstanding check: No. 131 — \$45 / Checkbook balance on Check stub 132: \$2495.



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Lesson 5-3: Dishonored checks, EFT, and debit card purchases

Lesson 5-4: Petty Cash

Journalize the transaction below:

Jun. 7: Fred is starting a petty cash fund—\$200.

Complete Petty Cash Report. **Journalize** the replenishment.

Jun. 30: Fred has receipts in his petty cash bag for:

Supplies, \$45; Misc. Expense, \$35; Postage Expense, \$15.

Total cash left in bag is \$103. C200.

PETTY CASH REPORT		
Date: _____		Custodian: _____
Explanation	Reconciliation	Replenish Amount
Fund Total		
Payments:		
Less: Total payments		→
Equals: Recorded amount on hand		
Less: Actual amount on hand		
Equals: Cash short (over)		→
Amount to Replenish		

GENERAL JOURNAL					PAGE 6	
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	GENERAL		
				DEBIT	CREDIT	
						12
						13
						14
						15
						16
						17
						18
						19

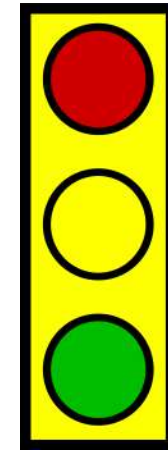
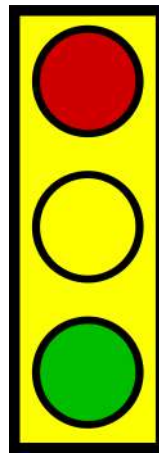
GENERAL JOURNAL					PAGE 6	
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	GENERAL		
				DEBIT	CREDIT	
						8
						9
						10
						11
						12
						13

Journalize the entries below:

Jun. 3: Bank called Fred to tell him that check from Chuck Norris dishonored, \$455 plus \$50 bank fee. Memo No. 6.

6: Paid cash to Tires Plus on account using debit card, \$75. Memo No. 17

6: Paid cash to Northwest Tire on account using EFT, \$400. Memo No. 18.



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Lesson 6-1: Creating a Work Sheet

On May 31, Fred's Auto Shop had an ending cash balance of \$2,669. His customer, Jake Johnson, still owes him \$300. He also has an ending balance of \$2,400 in Sales.

Create the heading, **insert** these accounts and their balances, then **total** and **rule** the Trial balance.

Account Title	Trial Balance	
	Debit	Credit
Cash		
Petty Cash	200.00	
Acc. Rec. --Chuck Norris	200.00	
Acc. Rec. --Jake Johnson		
Acc. Rec. -- John Jones	50.00	
Supplies	125.00	
Prepaid Insurance	200.00	
Acc. Pay.--Northwest Tire		50.00
Acc. Pay.--Office Max		0.00
Acc. Pay.--Office Smart		125.00
Fred Kruger, Capital		4,200.00
Fred Kruger, Drawing	1,200.00	
Income Summary		
Sales		
Advertising Expense	350.00	
Cash Short and Over	6.00	
Communication Expense	150.00	
Insurance Expense	200.00	
Rent Expense	600.00	
Supplies Expense	200.00	
Utilities Expense	325.00	

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Lesson 6-2: Planning Adjusting Entries on a Work Sheet

Fred's Auto Shop has the following adjustments needed.
Don't forget to TOTAL and RULE.

Adjustment Information, May 31

Supplies on hand	\$ 50.00
------------------	----------

Value of prepaid insurance	100.00
----------------------------	--------

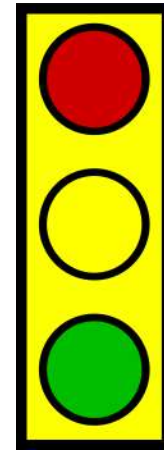
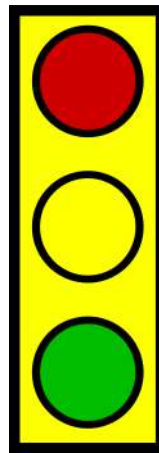
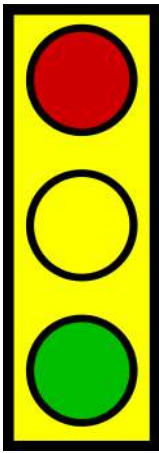
Fred's Auto Shop				
Work Sheet				
For Month Ended May 31, 2019				
	Trial Balance		Adjustments	
Account Title	Debit	Credit	Debit	Credit
Cash	2,669.00			
Petty Cash	200.00			
Acc. Rec.--Chuck Norris	200.00			
Acc. Rec. --Jake Johnson	300.00			
Acc. Rec. -- John Jones	50.00			
Supplies	125.00			
Prepaid Insurance	200.00			
Acc. Pay.--Northwest Tire		50.00		
Acc. Pay.--Office Max		0.00		
Acc. Pay.--Office Smart		125.00		
Fred Kruger, Capital		4,200.00		
Fred Kruger, Drawing	1,200.00			
Income Summary				
Sales		2,400.00		
Advertising Expense	350.00			
Cash Short and Over	6.00			
Communication Expense	150.00			
Insurance Expense	200.00			
Rent Expense	600.00			
Supplies Expense	200.00			
Utilities Expense	325.00			
	6,775.00	6,775.00		

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Lesson 6-3: Completing the Work Sheet and Correcting Errors

Complete the Work Sheet listed below by **extending** the Income Statement and Balance Sheet balances. **Calculate** Fred's Net Income/Loss, and rule these columns.

Fred's Auto Shop						
Work Sheet						
For Month Ended May 31, 2019						
Account Title	Total Balance	Adjustments	Income Statement		Balance Sheet	
	Debit	Credit	Debit	Credit	Debit	Credit
Cash	2 669.00				2 669.00	
Petty Cash	200.00				200.00	
Acc. Rec.--Chuck Norris	200.00				200.00	
Acc. Rec.--Jake Johnson	300.00				300.00	
Acc. Rec.--John Jones	50.00				50.00	
Supplies	125.00				50.00	
Prepaid Insurance	200.00					
Acc. Pay.--Northwest Tire		50.00				50.00
Acc. Pay.--Office Max		0.00				0.00
Acc. Pay.--Office Smart		125.00				125.00
Fred Kruger, Capital		4 200.00				4 200.00
Fred Kruger, Drawing	1 200.00					
Income Summary						
Sales		2 400.00				
Advertising Expense	350.00				350.00	
Cash Short and Over	6.00				6.00	
Communication Expense	150.00				150.00	
Insurance Expense	200.00		100.00			
Rent Expense	600.00				600.00	
Supplies Expense	200.00		75.00		275.00	
Utilities Expense	325.00				325.00	
	6 775.00	6 775.00	175.00	175.00		



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Lesson 6-4: Journalizing and Posting Adjusting Entries

Journalize and **post** the below adjusting entries for Fred's Auto Shop. Date is May 31, 2019. Use page 5 of the General Journal.

Account Title	Adjustments	
	Debit	Credit
Supplies		75.00
Supplies Expense	75.00	

GENERAL JOURNAL									
PAGE 7									
DATE	ITEM	POST. REF.	DEBIT	CREDIT	DOC. NO.	POST. REF.	DEBIT	CREDIT	BALANCE
2019									
May 5		G1	50.00						50.00
7		G1	50.00						100.00
15		G1	25.00						125.00

ACCOUNT Supplies Expense				ACCOUNT NO.		
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
May 1		G2	200.00		200.00	

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Lesson 7-1: Preparing an Income Statement

Fred is applying for credit at a bank. They've requested an up-to-date Income Statement for the Month of May 2019.

Complete the Income Statement below.

Do not forget correct ruling!

Fred's Auto Shop Income Statement For Month Ended May 31, 2019				
			% OF SALES	
Revenue				
Sales		2400.00	100%	
Expenses				
Advertising Expense	350.00			
Cash Short and Over	6.00			
Communication Expense	150.00			
Insurance Expense	300.00			
Rent Expense	600.00			
Supplies Expense	275.00			
Utilities Expense	325.00			
Total Expenses				

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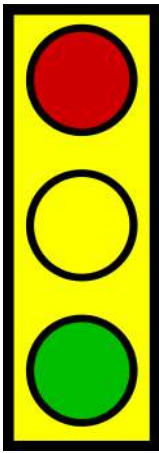
Lesson 7-2: Preparing a Balance Sheet

Fred is applying for credit at a bank. They've requested an UTD Balance Sheet. The balance if Fred's capital account is \$4,000. The balance if his drawing account is \$1,000. His Net Income was \$394.00. He does now show the details of this on his Balance Sheet.

Complete the Balance Sheet for May 31.

Do not forget correct ruling!

Fred's Auto Shop Balance Sheet May 31, 2019									
Assets					Liabilities				
Cash		2669.00			Acc. Pay.--Northwest Tire			50.00	
Petty Cash		200.00			Acc. Pay.--Office Smart			125.00	
Acc. Rec.--Chuck Norris		200.00			Owner's Equity				
Acc. Rec.--Jake Johnson		300.00			Fred Kruger, Capital				
Acc. Rec.--John Jones		50.00							
Supplies		50.00							
Prepaid Insurance		100.00							

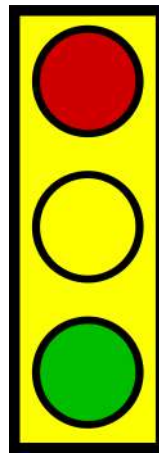


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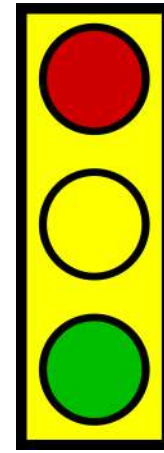


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Lesson 8-1: Recording Closing Entries

Journalize and **post** the below closing entries for Fred's Auto Shop. Date is May 31, 2019. Use page 6 of the General Journal. You will have TWO entries

		Income Statement	
Account Title	Debit	Credit	
Net Income	394.00		

		Balance Sheet	
Account Title	Debit	Credit	
Fred Kruger, Capital		4,200.00	
Fred Kruger, Drawing	1,200.00		

GENERAL JOURNAL					PAGE	
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	GENERAL		
				DEBIT	CREDIT	
1						1
2						2
3						3
4						4
1						1

TICKET TO FLY!

Lesson 8-2: Preparing a Post-Closing Trial Balance

Fred is preparing for the next Accounting Cycle. **Total** and **Rule** Fred's Post-Closing Trial Balance.

Fred's Auto Shop			
Post-Closing Trial Balance			
May 31, 2019			
		1	2
ACCOUNT TITLE	DEBIT	CREDIT	
Cash	2669.00		
Petty Cash	200.00		
Acc. Rec. --Chuck Norris	200.00		
Acc. Rec. --Jake Johnson	300.00		
Acc. Rec. -- John Jones	50.00		
Supplies	50.00		
Prepaid Insurance	100.00		
Acc. Pay.--Northwest Tire			50.00
Acc. Pay.--Office Smart			125.00
Fred Kruger, Capital			3394.00

Finish the following list of the Accounting Cycle:

1. Analyze Transactions
- 2.
3. Post
4. Prepare Work Sheet
5. Journalize and Post Adjusting Entries
- 6.
7. Journalize and Post Closing Entries
- 8.