

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:

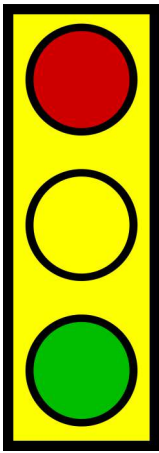
Allie has paid \$400 for her business phone bill for the last year.

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!

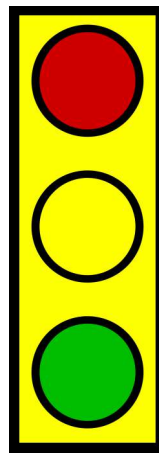


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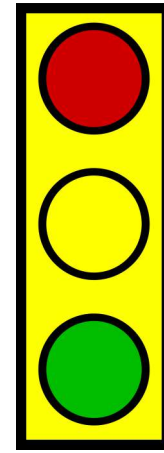


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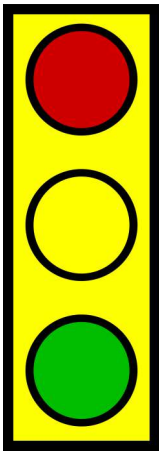


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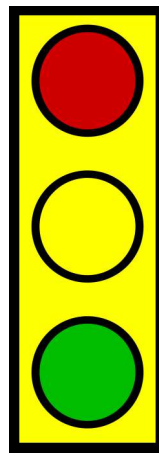


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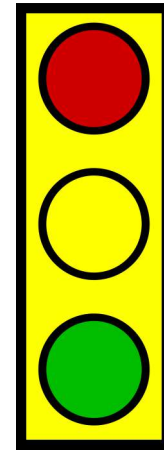


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Lesson 3-1: Journalizing Transactions

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</u> , 2019	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</u> , 2019	\$	45.00
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

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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	7
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	GENERAL			
				DEBIT	CREDIT		
1							1
2							2
3							3
4							4

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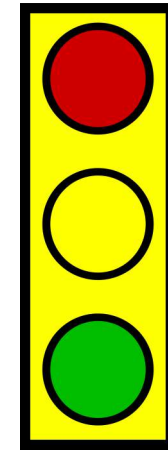
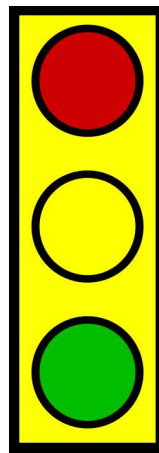
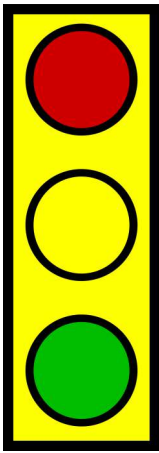
Lesson 3-3: Journalizing Transactions affecting Owner's Equity and Assets

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	7
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.	DEBIT	CREDIT	
1						1
2						2
3						3
4						4

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
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT	CREDIT	
2019						
Nov. 10	Utilities Expense	C10		425.00		1
	Cash				425.00	2
12	Supplies	M2		300.00		3
	Accounts Payable -- Office Max				300.00	4
13	Cash	R15		250.00		5
	Accounts Receivable -- Josh Jenkin				250.00	6

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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 (100) ASSETS	Income Statement Accounts (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.	BALANCE
			DEBIT 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

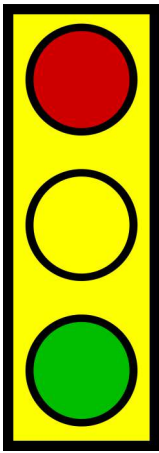
GENERAL JOURNAL						PAGE
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT	CREDIT	
2019						
Mar. 1	Cash	C12		1,500.00		1
	Fred Kruger, Capital				1,500.00	2
23	Supplies	C12		30.00		3
	Cash				30.00	4
25	Cash	TS1		500.00		5
	Sales				500.00	6

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

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

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

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

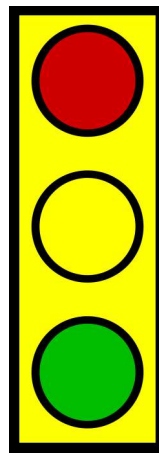


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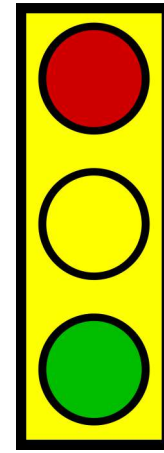


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Lesson 4-3: Correcting Errors in Ledger

Journalize the correcting entry below:

Apr. 3: Discovered that transaction for rent expense was accidentally journalized and posted to utilities expense, \$300. M26.

It was also discovered that two posting errors were made to the Supplies account. **Correct** them!

1. An entry for \$30 on March 23 was posted as \$300.
2. An entry for \$45 on March 25 was posted as a credit instead of a debit.

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

ACCOUNT Supplies						ACCOUNT NO. 140	
DATE	ITEM	POST REF.	DEBIT	CREDIT	BALANCE		
					DEBIT	CREDIT	
Mar. 23		65	300.00		300.00		
24		65		45.00	255.00		

ACCOUNT Rent Expense						ACCOUNT NO. 550	
DATE	ITEM	POST REF.	DEBIT	CREDIT	BALANCE		
					DEBIT	CREDIT	

ACCOUNT Utilities Expense						ACCOUNT NO. 570	
DATE	ITEM	POST REF.	DEBIT	CREDIT	BALANCE		
					DEBIT	CREDIT	
Mar. 30		65	300.00		300.00		

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Lesson 5-1: Checking Accounts

Fred's Auto Shop is transferring a check to Pete's Autobody. Prepare the endorsement.

Prepare check stub and write check for this check:
 On June 30, Fred wrote a check to Office Max, \$45 for supplies, Check # 130.
INFO: Balance brought forward from last check stub is \$1,970, and a deposit (\$500) was made on May 30.

No. 151		Date _____, 2019		To _____ \$ _____	
For _____					
BALANCE BROUGHT FORWARD					
AMOUNT DEPOSITED					
SUBTOTAL					
OTHER:					
SUBTOTAL					
AMOUNT THIS CHECK					
BALANCE CARRIED FORWARD					

FRED'S AUTO SHOP		No. 130	
123 Sunrise Pl			
Belfield, ND 58622			
FOR _____			
/091210677/ 707966531279**		130	
Capital Star Bank			
Belfield, ND			
PAY TO THE ORDER OF _____			
\$ _____			
DOLLARS			

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Lesson 5-2: Bank Statement

Reconciliation & Service Charges

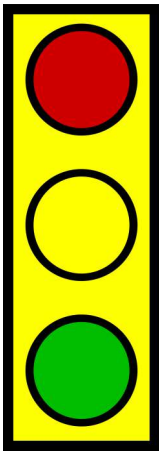
Prepare a bank statement reconciliation for May 31.

Journalize the service charge on journal pg. 6. Memo No. 24.

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

RECONCILIATION OF BANK STATEMENT			
Balance on Check Stub No. _____		Balance on Bank Statement _____	
DEDUCT BANK CHARGES:		ADD OUTSTANDING DEPOSITS:	
Description	Amount	Date	Amount
\$ _____			
Total bank charges →		Total outstanding deposits →	
\$ _____		\$ _____	
Adjusted Check Stub Balance.....		Adjusted Bank Balance.....	
\$ _____		\$ _____	
Total outstanding checks →			
\$ _____			

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

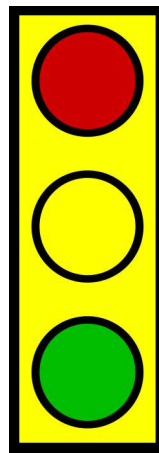


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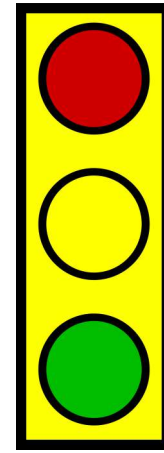


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Lesson 5-3: Dishonored checks, EFT, and debit card purchases

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

GENERAL JOURNAL

PAGE

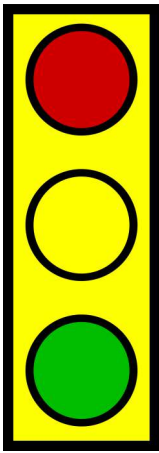
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	GENERAL	
				DEBIT	CREDIT
8					8
9					9
10					10
11					11
12					12
13					13

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.

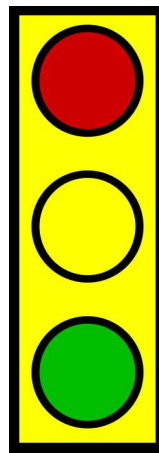


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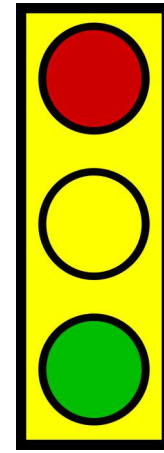


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Lesson 6-1: Creating a Work Sheet

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.

Fred's Auto Shop		
Work Sheet		
For Month Ended May 31, 2019		
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	
Total	6,775.00	6,775.00

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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

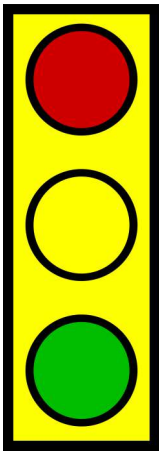
Fred's Auto Shop				
Work Sheet				
For Month Ended May 31, 2019				
Account Title	Trial Balance		Adjustments	
	Debit	Credit	Debit	Credit
Cash	2,669.00			
Petty Cash	200.00			
Acc. Rec.--Chuck Norris	200.00			
Acc. Rec. --Jake Johnson	300.00			
Acc. Rec. -- John Jones	50.00			
Supplies	125.00			
Prepaid 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			
Total	6,775.00	6,775.00		

TICKET TO FLY!

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	Trial Balance		Adjustments		Income Statement	
	Debit	Credit	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						
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					
Total	6,775.00	6,775.00	175.00	175.00	2,750.00	2,750.00

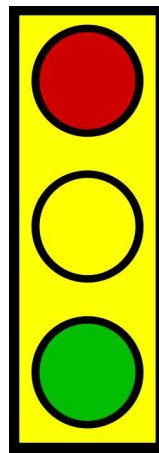


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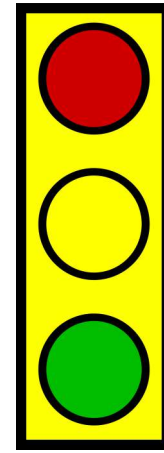


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Lesson 6-4: Journalizing and Posting Adjusting Entries

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	
May 31		G1	50.00						
		G1	50.00						
		G1	25.00						
				50.00					
				100.00					
				125.00					

ACCOUNT Supplies Expense					ACCOUNT NO.	
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
9						
y	1	G2	200.00		200.00	

TICKET TO FLY!

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				

TICKET TO FLY!

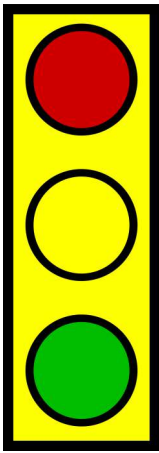
Lesson 7-2: Preparing a Balance Sheet

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							
Acc. Rec.--Jake Johnson		300.00			Owner's Equity				
Acc. Rec.--John Jones		50.00			Fred Kruger, Capital				
Supplies		50.00							
Prepaid Insurance		100.00							

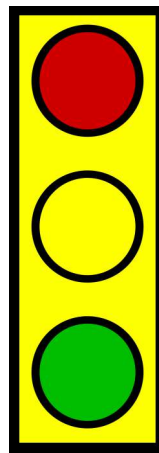


Rank your understanding:
(circle one—list what you're stumped on)

STOP! I don't get this!

I get some of it!

*I could show a classmate
how to do this!*

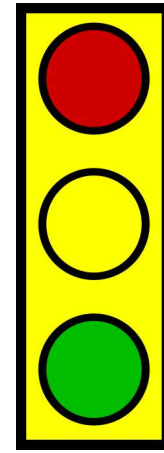


Rank your understanding:
(circle one—list what you're stumped on)

STOP! I don't get this!

I get some of it!

*I could show a classmate
how to do this!*



Rank your understanding:
(circle one—list what you're stumped on)

STOP! I don't get this!

I get some of it!

*I could show a classmate
how to do this!*

TICKET TO FLY!

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.