

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:

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

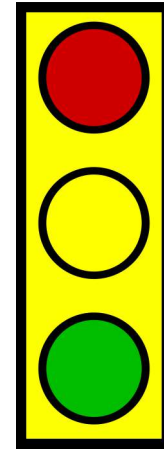
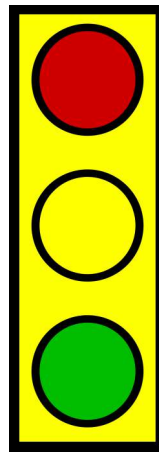
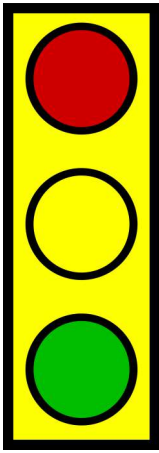
Background info:

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!



Rank your understanding:

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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 put \$1,000 of cash into the company as an investment.

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

<div style="text-align: center;">T</div>	<div style="text-align: center;">T</div>
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Lesson 2-3: Analyzing Transactions that affect Owner's Equity

Using the T accounts listed below,

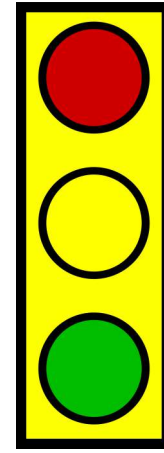
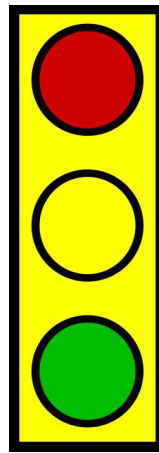
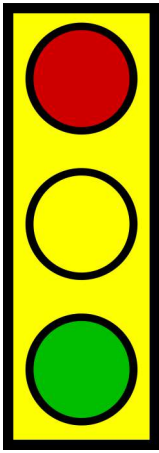
Write account names on the pairs of t accounts

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.

<div style="text-align: center;">T</div>	<div style="text-align: center;">T</div>
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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	\$ <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
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. 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

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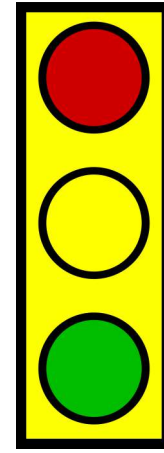
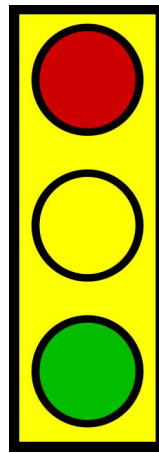
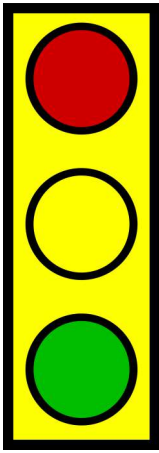
Lesson 3-3: Journalizing Transactions affecting Owner's Equity and Assets

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

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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.	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

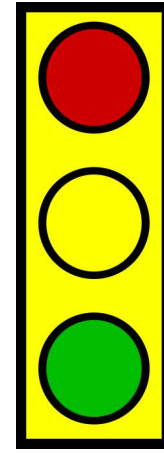
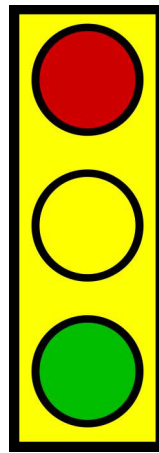
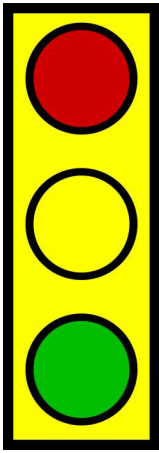
GENERAL JOURNAL					PAGE 5
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	GENERAL DEBIT	CREDIT
2019					
Mar. 1	Cash	C12		1,500.00	
	Fred Kruger, Capital				1,500.00
23	Supplies	C12		30.00	
	Cash				30.00
25	Cash	TS1		500.00	
	Sales				500.00

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

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DATE	ITEM	POST. REF.	BALANCE DEBIT CREDIT

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DATE	ITEM	POST. REF.	BALANCE DEBIT CREDIT

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



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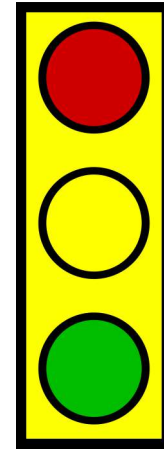
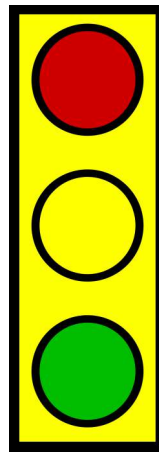
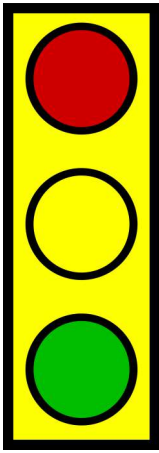
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TICKET TO FLY! TICKET TO FLY!

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.

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

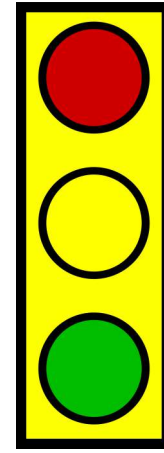
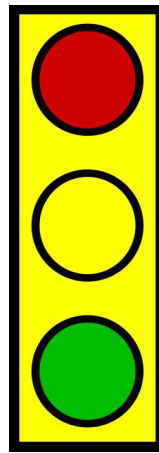
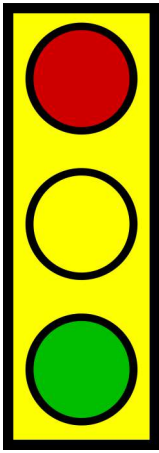
GENERAL JOURNAL					PAGE 6	
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	GENERAL DEBIT CREDIT		
						8
						9
						10
						11
						12
						13

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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