

7-1: Preparing an Income Statement

financial accounting

The area of accounting which focuses on reporting information to external users.

financial ratio

The area of accounting that focuses on reporting information to internal users.

managerial accounting

A comparison between two components of financial information.
Prepaid Insurance

ratio analysis

The calculation and interpretation of a financial ratio.

return on sales (ROS)

Reporting an amount on a financial statement as a percentage of another item on the same financial statement.

vertical analysis

The ratio of net income to total sales.

Label the Income Statement:

Sales
Advertising Expense
Cash Short and Over
Communications Expense
Equipment Rental Expense
Insurance Expense
Miscellaneous Expense
Supplies Expense
Total Expenses

How is the date listed on a income statement? (circle one)

For Month Ended May 31, 2019

(OR)

May 31, 2019

7-2: Preparing a Balance Sheet

Label the Balance Sheet

Assets				Liabilities			
Cash	2	5	97	00	Accts. Pay.—Canyon Office Sup.	1	20
Petty Cash	1	00	00	00	Accts. Pay.—Mountain Graphic Arts	1	05
Accts. Rec.—Main Street Services	3	00	00	00	Total Liabilities	2	25
Accts. Rec.—Valley Landscaping	4	00	00	00	Owner's Equity		
Supplies		90	00	00	Michael Delgado, Capital	4	01
Prepaid Insurance	7	50	00	00			

How is the date listed on a balance sheet? (circle one)

For Month Ended May 31, 2019 (OR) May 31, 2019

8-1: Recording Closing Entries

Classify the accounts as either temporary or permanent by drawing lines.

Temporary

Sales

Accounts Receivable – Main Street Services

Prepaid Insurance

Michael Delgado, Drawing

Permanent

Rent Expense

Cash

Utilities Expense

8-2: Preparing a Post-Closing Trial Balance

Temporary accounts should have a debit/credit/zero (circle one) balance after closing entries are posted.

This temporary account is only used during the closing entry process: _____. We use it to close our Income Summary accounts into our Capital account.

Order the steps in the Accounting Cycle from 1 to 8:

_____ Prepare a Worksheet

_____ Journalize

_____ Journalize and Post Adjusting Entries

_____ Journalize and Post Closing Entries

_____ Analyze Transactions

_____ Prepare a Post-Closing Trial Balance

_____ Prepare Financial Statements

_____ Post