

Final Examination Review

Module Five

$$\text{Assets} = \text{Liabilities} + \text{Owners Equity} + \text{Income} - \text{Expenses}$$

A L O R E

<p>Asset</p>	<p>Resource controlled by the entity</p> <p>Result of past event</p> <p>Future economic benefits expected to flow</p>	<p>Cash</p> <p>Accounts Receivable</p> <p>Inventory</p> <p>Supplies</p> <p>Prepaid items</p> <p>GST Outlay</p> <p>Accumulated depreciation (contra account)</p>
<p>Liability</p>	<p>Present obligation</p> <p>Result of past event</p> <p>Expected to result in future outflow from the company</p>	<p>Accounts payable</p> <p>Loan payable</p> <p>Wages payable</p> <p>Unearned revenue</p> <p>Accrued expense</p> <p>GST Collections</p>
<p>Owners Equity</p>	<p>Assets minus liabilities</p> <p>Owners stake in a company</p>	<p>Capital</p> <p>Retained earnings</p> <p>Drawings (contra account)</p>
<p>Revenue</p>	<p>Inflows or enhancements</p> <p>Decreases in liabilities</p>	<p>Sales revenue (retail)</p> <p>Fees revenue (service)</p> <p>Rent</p> <p>Interest</p> <p>Discount received</p> <p>Sales returns and allowances (contra account)</p>
<p>Expenses</p>	<p>Decreases in economic benefit</p> <p>Increase in liabilities or decrease in assets</p>	<p>Cost of sales</p> <p>Depreciation expense</p> <p>Discount allowed</p> <p>Wages expense</p> <p>Salary expense</p> <p>Rent expense</p>

Module Six

T-Ledgers

- Convenient way to show individual accounts
- Illustrate effects of transactions on an account
- Used in practice for quick calculation

Cash T-Ledgers

<i>Date</i>	<i>Transaction explanation</i>	<i>Amt</i>	<i>Date</i>	<i>Transaction explanation</i>	<i>Amt</i>

Debit side (DR)

Credit side (CR)

- The transaction explanation will always be the opposite transaction account e.g. owner contributed \$2,000.00 cash, your cash T-Ledger explanation would be 'capital'
- Balance c/d – what you use to even the two sides
- Balanced b/d – the starting balance for the next month
 - Remember if you are provided with an opening balance to input this into the relevant side e.g. cash at beginning of July was \$10,000.00 your cash T-Ledger would start like this on the debit side:

Cash T-Ledgers

<i>Date</i>	<i>Transaction explanation</i>	<i>Amt</i>	<i>Date</i>	<i>Transaction explanation</i>	<i>Amt</i>
1/7	Opening balance	10 000			