

Handouts to be used in Dave Krug's Accounting 1 Course

Bring this packet each day, as we will be working on
these handouts in class.



Note on the top right of each page the Lecture # in which each handout is used.

To whoever receives these Accounting 1 handouts:

I am glad that my accounting videos are helping you. Attached are the handouts used in the videos (the 3rd page and pages following it have the info needed to make your flashcards). These should be useful for you. I know some people sometimes ask as well for the Powerpoints I lecture with, but unfortunately I am not able to provide those to people for various reasons. Work along on these exercises just as if you are one of my face-to-face students.

I often have people ask me why I spend so much time and effort on this class, putting it on Youtube, and in responding to students across the world. (I certainly do not get paid anything extra for doing so). The reason I do this is as follows....I believe we are all made by our Creator to help and serve our fellow man. If we are healthy spiritually, this should be when we are most joyous in our lives. I take joy in knowing that these videos have helped literally thousands of people around the globe...many of whom cannot afford tutoring or educational resources. Someday when I leave this earth, I want to look back on a life of service to others. Maybe these videos can be part of that.

Do you want to become aware if/when I create new videos for accounting and business subjects? If so, here is what I'd like you to do. If you are on Facebook, please go to the facebook page I have created and "LIKE" it. That facebook page is found at <https://www.facebook.com/davekrugvideoinstructor>

By "liking" this page, you will be notified through Facebook when I create more videos. ALSO, PLEASE DO ME A FAVOR....ONCE YOU HAVE 'LIKED' THE PAGE, CAN YOU PLEASE LEAVE A COMMENT STATING WHERE YOU LIVE AND HOW THE VIDEOS HAVE BEEN A HELP TO YOU? This page is very new, so there are not very many members on it yet. But I am trying to create this page as a way to communicate with you and find out about my viewers. (And when you tell me where you are from, **be specific**...don't just say "Africa"...Africa is a very big continent! Tell me the city where you live as well).

I only wish I could travel and meet each one of you, my "Youtube" students face to face. My desire to travel is strong, but my pocketbook is light! But maybe someday I can travel to where you live and we can talk face to face and share a meal. Nothing would make me happier.

Lastly, I do not know where you live, what your religion is, nor the color of your skin. I do not know your religion, nor your financial status. But I have faith in you. And I have confidence that if you work hard, you can learn this material and it can benefit you and those loved ones around you. Have confidence in yourself! You CAN do this!

God Bless!



David Krug

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P.S. For information on the textbook we use, listen to Lecture #1 on Youtube where I discuss that information. I am sure you can purchase the textbook online if you Google it.

P.S.S This information is all meant to be free to students. If you are in a situation where someone is "selling" these videos to you or others, or if they are using these videos as a substitute for them actually taking the time to lecture and teach to you, please let me know. Such occurrences hinder my ability to put these videos out there to help others.

Chap 1

Lecture #5

Chap 1 (Acctg 1) Financial Statement Preparation

Below are accounts listed for August 31, 2013 for **Valentine Tree Trimming**, a sole proprietorship owned and operated by Gary Valentine. The accounts are listed in **alphabetical** order. For the month ending **August 31, 2013**, prepare an income statement, statement of changes in owner's equity, and a balance sheet. Prepare them in proper form (you can use back of page if needed).

<u>ACCOUNT</u>	<u>BALANCE</u>
Accounts Payable	2,100
Accounts Receivable	4,240
Advertising expense	210
Cash	17,730
Equipment	7,850
G. Valentine- Withdrawals	3,500
G. Valentine, Capital at 07/31/13	28,000
Gasoline expense	300
Miscellaneous Revenue	400
Salary expense	650
Supplies	4,200
Trimming revenue	7,800
Unearned Revenue	380

Lecture #6

Accounts and their normal balance			
.....use this information to make your FLASH CARDS!!!			
Account	Debit (Dr) Balance	Credit (Cr) Balance	Fin Stmt that acct first appears on
Assets:			
Cash	X		BS
Accounts Receivable (A/R)	X		BS
Inventory	X		BS
Prepaid Insurance	X		BS
Prepaid Expenses	X		BS
Notes Receivable	X		BS
Land	X		BS
Equipment	X		BS
Buildings	X		BS
Liabilities:			
Accounts Payable (A/P)		X	BS
Unearned Revenue		X	BS
Income Tax Payable		X	BS
Notes Payable (N/P)		X	BS
Salaries Payable		X	BS
Equity:			
Owner's Capital		X	Equity
Owner's Withdrawals	X		Equity
Revenue -- all types		X	IS
Expenses -- all types	X		IS
Remember....			
If an account is a 'DEBIT balance account', then a Debit INCREASES it and a Credit DECREASES it.			
If an account is a 'CREDIT balance account', then a Credit INCREASES it and a Debit DECREASES it.			
Memorize using index cards. Write Account type on one side and Balance and FS on other.			

Accounting Flashcards -- Cut out, and then fold over on dotted line

Cashis a Debit balance acct
------	------------------------------------

Accounts Receivableis a Debit balance acct
------------------------	------------------------------------

Office Suppliesis a Debit balance acct
--------------------	------------------------------------

Inventoryis a Debit balance acct
-----------	------------------------------------

Prepaid Assetsis a Debit balance acct
-------------------	------------------------------------

Notes Receivableis a Debit balance acct
---------------------	------------------------------------

Automobiles

....is a **Debit** balance acct

Land

....is a **Debit** balance acct

Buildings

....is a **Debit** balance acct

Equipment

....is a **Debit** balance acct

Prepaid
Assets

....is a **Debit** balance acct

Accounts
Payable

....is a **Credit** balance acct

Notes Payableis a Credit balance acct
---------------	-------------------------------------

Unearned Revenueis a Credit balance acct
------------------	-------------------------------------

Capitalis a Credit balance acct
---------	-------------------------------------

Withdrawalsis a Debit balance acct
-------------	------------------------------------

Consulting Revenueis a Credit balance acct
--------------------	-------------------------------------

Interest Revenueis a Credit balance acct
------------------	-------------------------------------

Mowing
Revenue

....is a **Credit** balance acct

ALL Revenues

....is a **Credit** balance acct

Advertising
Expense

....is a **Debit** balance acct

Rent Expense

....is a **Debit** balance acct

Insurance
Expense

....is a **Debit** balance acct

ALL Expenses

....is a **Debit** balance acct

To be added in Chapter 3

Depreciation Expenseis a Debit balance acct
-------------------------	------------------------------------

Accumulated Depreciationis a Credit balance acct
-----------------------------	-------------------------------------

Interest Receivableis a Debit balance acct
------------------------	------------------------------------

Wages Payableis a Credit balance acct
------------------	-------------------------------------

Interest Payableis a Credit balance acct
---------------------	-------------------------------------

To be added in Chapter 5

Salesis a Credit balance acct
Cost of Goods Sold (CGS)is a Debit balance acct
Sales Discountsis a Debit balance acct
Sales Returns & Allowancesis a Debit balance acct

To be added in Chapter 9

Allowance for Doubtful Accountsis a Credit balance acct
---------------------------------------	-------------------------------------

To be added in Chapter 10

Natural Resources OR Intangible Assetsis a Debit balance acct
---	------------------------------------

Gain on Disposalis a Credit balance acct
---------------------	-------------------------------------

Loss on Disposalis a Debit balance acct
---------------------	------------------------------------

Blank Cards if needed

is a _____ balance acct
--	-----------------------------

is a _____ balance acct
--	-----------------------------

is a _____ balance acct
--	-----------------------------

is a _____ balance acct
--	-----------------------------

is a _____ balance acct
--	-----------------------------

Chop 2

Lecture #7

Chapter 2 -- Acctg 1 Journal Entry Exercise (Mary's Gardening Services)

Required: Prepare journal entries for the following transactions for a business called Mary's Gardening Services. Make sure all blanks are filled in for each transaction.

<u>Date</u>	<u>Account Title</u>	<u>DR</u>	<u>CR</u>
On May 1st,	Mary contributes \$4,000 cash as well as an automobile valued at \$6,500 and equipment valued at \$700 into her business.		

On May 4th, Mary buys some office supplies at Office Depot for \$180 cash.

On May 11th, Mary provides services worth \$200 to a client (Bob Jones). The client immediately pays \$125 in cash to Mary, but Bob will pay the remainder at a later time.

On May 12th, Mary purchases some more equipment for \$5,000 by making a down payment of \$500 cash and setting up a note payable for the remainder.

On May 22nd, Bob Jones (from the earlier transaction) pays the remainder of the money that he owes to Mary's company.

ACCTG 1 -- Chap 2. -- Compute End Balance
Leve#8

CASH	
100	50
300	60
20	

A/P	
	8000
2000	
2500	

CASH	
10,000	3800
1,100	

A/R	
600	150
	150
	150
	100

WAGES Payable	
	700
700	

CASH	
11,000	4500
500	6000
100	1300

PREPAID ASSET AJEs

For each COMPANY BELOW:

- Answer the Key Question that is given.
- Prepare the AJE (adjusting journal entry) needed on December 31, 2011.

Each Company makes AJEs at year-end only (i.e. no monthly AJEs are made). *Analyze each Company separately.*

- a) **COMPANY A:** The Prepaid Insurance account has a \$4,700 debit balance before adjustment. An examination of insurance policies shows \$900 of unexpired insurance remaining.

Key Question: How much of the asset was USED UP and thus needs to be expensed? _____

AJE:

- b) **COMPANY B:** The Prepaid Insurance account has a \$5,890 debit balance before adjustment. An examination of insurance policies shows \$1,040 of insurance has expired.

Key Question: How much of the asset was USED UP and thus needs to be expensed? _____

AJE:

- c) **COMPANY C:** On September 1, 2011 when we prepaid \$24,000 for two years of rent, we debited Prepaid Rent and credited Cash.

Key Question: How much of the asset was USED UP and thus needs to be expensed? _____

AJE:

Lect #11

Acctg 1 – Chap 3

OFFICE SUPPLIES AJEs

For each COMPANY BELOW:

- Answer the Key Question that is given.
- Prepare the AJE (adjusting journal entry) needed on December 31, 2011.

Each Company makes AJEs at year-end only (i.e. no monthly AJEs are made). *Analyze each Company separately.*

- d) **COMPANY D:** The Office Supplies account had a \$300 debit balance on December 31, 2010. No office supplies were purchased during the year. The December 31, 2011 physical count showed \$110 of supplies available.

Key Question: How much of the asset was USED UP and thus needs to be expensed? _____

AJE:

- e) **COMPANY E:** The Office Supplies account had an \$800 debit balance on December 31, 2010. Office supplies of \$2,100 were purchased during the year and added to the Office Supplies account. The December 31, 2011 physical count showed \$650 of supplies available.

Key Question: How much of the asset was USED UP and thus needs to be expensed? _____

AJE:

- f) **COMPANY F:** The Office Supplies account started the year with a \$4,000 balance. During 2011, the company purchased office supplies for \$9,400, which was added to the Office Supplies account. The inventory of supplies available at December 31, 2011, totaled \$2,660.

Key Question: How much of the asset was USED UP and thus needs to be expensed? _____

AJE:

Lect #11

DEPRECIATION AJEs

For each COMPANY BELOW:

- Answer the Key Question that is given.
- Prepare the AJE (adjusting journal entry) needed on December 31, 2011.

Each Company makes AJEs at year-end only (i.e. no monthly AJEs are made). *Analyze each Company separately.*

g) COMPANY G: The Company needs to record \$13,500 of depreciation expense for the year.

Key Question: What amount needs to be recorded as depreciation expense for the year? _____

AJE:

h) COMPANY H: The Company has only one fixed asset, and they purchased it on January 1 of 2011. That asset had a cost of \$44,000 and an estimated life of 5 years. Salvage value is estimated to be zero at the end of the 5 years.

Key Question: What amount needs to be recorded as depreciation expense for the year? _____

AJE:

i) COMPANY I: The Company has only one fixed asset, and they purchased it on January 2 of 2011. That asset had a cost of \$32,000 and an estimated life of 7 years. Salvage value is estimated to be \$4,000 at the end of the 7 years.

Key Question: What amount needs to be recorded as depreciation expense for the year? _____

AJE:

UNEARNED REVENUE AJEs

For each COMPANY BELOW:

- Answer the Key Question that is given.
- Prepare the AJE (adjusting journal entry) needed on December 31, 2011.

Each Company makes AJEs at year-end only (i.e. no monthly AJEs are made). *Analyze each Company separately.*

- a) **COMPANY A:** On November 1st, 2011, we collected \$6,000 rent in advance, debiting Cash and crediting Unearned Rent Revenue. The tenant was paying one year's rent in advance.

Key Question: How much of that unearned revenue has NOW BEEN EARNED? (remember, Company only makes annual AJEs). _____

AJE:

- b) **COMPANY B:** This Company charges \$75 per month for a complete house treatment to spray for insects. One customer paid \$300 on September 12th, 2011 in advance of any treatments, and it was recorded with a debit to Cash and a credit to Unearned Revenue. At year end, the Company has performed three total treatments for the customer.

Key Question: How much of that unearned revenue has NOW BEEN EARNED? (remember, Company only makes annual AJEs). _____

AJE:

- c) **COMPANY C:** On September 1 of 2011, a client paid us \$24,000 for six months of rent revenue (we lease a building to them). We recorded that amount on Sept 1 as Unearned Rent Revenue. Thus, adjustment needs to be made.

Key Question: How much of that unearned revenue has NOW BEEN EARNED? (remember, Company only makes annual AJEs). _____

AJE:

ACCRUED EXPENSE AJEs

For each COMPANY BELOW:

- Answer the Key Question that is given.
- Prepare the AJE (adjusting journal entry) needed on December 31, 2011.

Each Company makes AJEs at year-end only (i.e. no monthly AJEs are made). *Analyze each Company separately.*

- d) **COMPANY D:** Salaries expense of \$15,500 have been incurred by the Company's employees (but not paid to them) as of December 31, 2011.

Key Question: What amount of **LIABILITY** and **EXPENSE** is currently not on the Company's books, but needs to be? _____

AJE:

- e) **COMPANY E:** On December 31, the Company owes \$250 of interest on a line-of-credit loan. That interest will not be paid until sometime in January.

Key Question: What amount of **LIABILITY** and **EXPENSE** is currently not on the Company's books, but needs to be? _____

AJE:

- f) **COMPANY F:** The Company has a mortgage payable and has incurred (but not recorded) interest expense of \$875 for the year ended 12/31/2011. The company must pay the interest on January 7, 2012.

Key Question: What amount of **LIABILITY** and **EXPENSE** is currently not on the Company's books, but needs to be? _____

AJE:

Lect #12

Acctg 1 – Chap 3

ACCRUED REVENUE AJEs

For each COMPANY BELOW:

- Answer the Key Question that is given.
- Prepare the AJE (adjusting journal entry) needed on December 31, 2011.

Each Company makes AJEs at year-end only (i.e. no monthly AJEs are made). *Analyze each Company separately.*

- g) **COMPANY G:** The Company has completed consulting services of \$19,000 for a client, but this client has not paid the Company, nor has the Company even billed them.

Key Question: What amount of ASSET and REVENUE is currently not on the Company's books, but needs to be? _____

AJE:

- h) **COMPANY H:** The Company has earned, but not yet recorded, \$390 of interest that it has earned from investments in 90-day Certificates of Deposit for year ended 12/31/2011.

Key Question: What amount of ASSET and REVENUE is currently not on the Company's books, but needs to be? _____

AJE:

- i) **COMPANY I:** The Company collects monthly rent from the tenants in their building. One tenant whose rent is \$1,300 per month has not yet paid us his rent for December.

Key Question: What amount of ASSET and REVENUE is currently not on the Company's books, but needs to be? _____

AJE:

Lecture # 15 + #16

Chap 4 – Accounting 1

CURRENT ASSETS – Any asset expected to be 'used up' within one year.

- Cash
- Short-term investments
- A/R
- Prepays (e.g. Prepaid Rent, Prepaid Insurance, etc.)
- Inventory
- Office Supplies
- Short-term N/R (due w/in the year)

CURRENT LIABILITIES

- → Any liability due within one year. These typically include
 - A/P
 - Unearned Revenue
 - Short-term N/P (if due w/in one year)
 - Accrued Liabilities
 - Interest payable, salaries payable, wages payable, taxes payable
 - Also... "Current portion of Long-term debt"

Chap 4

Lect #16

CLOSING ENTRIES IN A NET LOSS SITUATION

Acctg 1, CHAP 4 -- Prepare closing entries for the following adjusted trial balance
THEN prepare a post-closing trial balance.

<u>ACCOUNT</u>	<u>BALANCE</u>
Cash	12,130
Accounts Receivable	4,240
Supplies	4,200
Equipment	7,850
Accumulated Depreciation	2,100
Accounts Payable	2,100
Unearned Revenue	380
G. Valentine, Capital	28,000
G. Valentine- Withdrawals	3,500
Miscellaneous Revenue	200
Trimming revenue	5,800
Advertising expense	210
Depreciation Expense	400
Gasoline expense	950
Salary expense	5,100

Things I *guarantee* you will be on Test #2 over Chap 3, 4

20th edition of textbk

(I am not saying that **ONLY** these things are on the test, but I guarantee you that the below **WILL** be on the test)

General Accounting stuff: Make sure you know your account balances and can do something like QS 2.3 from Chap 2

Chap 3:

Make sure you can do **AJEs** (like EX 3.2 and 3.3)

Make sure you can do a **salary accrual AJE problem** like QS 3.5 and EX 3.6

Chap 4

Make sure you can make **Closing** journal entries and do a **Post closing TB** (like EX 4.3)

Make sure you can identify accounts as being **permanent VS temporary** accounts.

Make sure you understand the correct order of the **Steps of the Accounting Cycle** (like QS 4.1)

Make sure you can identify accounts as being **current VS non-current**

Make sure you understand the **Current Ratio**

Let #17

Chapter 5 – BASIC Purchasing Journal Entries

On August 1st, Gilmore Company purchased merchandise from Hendren Inc. with an invoice price of \$60,000 and credit terms of 2/10, n/30. Gilmore Company paid Hendren on August 8th.

REQUIRED: Prepare journal entries for Gilmore Company (the PURCHASER) on the following dates:

August 1st

August 8th

On September 15th, Schneider Company purchased some merchandise inventory from Makarov Inc. with an invoice price of \$35,000 and credit terms of 2/10, n/30. Schneider Company paid Makarov on September 28th.

REQUIRED: Prepare journal entries for Schneider Company (the PURCHASER) on the following dates:

September 15th

September 28th

Lecture # 21

updated
MARCH
07

Chap 6, Acctg 1

SPONGEBOB INCORPORATED

		<u>Units</u>	<u>Unit Cost</u>		
1-Apr	Beg Inventory	5	\$ 8.00	\$	40.00
7-Apr	Purchase	9	\$ 9.00	\$	81.00
17-Apr	Purchase	6	\$ 10.50	\$	63.00
22-Apr	Sales of 12 units at a selling price of \$29 each				

Required: SpongeBob uses the perpetual inventory system. Determine the costs assigned to April 30 ending inventory and calculate CGS for the month under each of the following 2 cost methods:

	<u>CGS</u>	<u>END INV.</u>
FIFO	_____	_____
LIFO	_____	_____

Chap 6 (Acctg 1.) Inventory Flow Worksheets EXAMPLE

EXAMPLE

[illegible]

Lecture 21, 22

BB's Boating Example

Problem # _____

Below is information for the merchandising company of BB's Boating Shop who uses the perpetual inventory system.

1-Apr Beginning Inventory of 9 units @ \$17 unit cost

3-Apr Purchase 6 units @ \$19 unit cost

10-Apr Purchase 10 units @ \$20 unit cost

16-Apr Sale of 19 units @ unit selling price of \$45

25-Apr Purchase of 4 units @ \$21 unit cost

In regards to the above data, please complete the necessary work and answer each of the following questions (please place your answer in the blanks provided).
Answers need to be EXACT to be correct (there are NO 'rounding errors')

	Under FIFO	Under LIFO
a) What is the value of the ending inventory at the end of April 1st?	_____	_____
b) What is the value of the ending inventory at the end of April 10th?	_____	_____
c) What was the cost of goods sold amount for the April 16th sale?	_____	_____
d) What is the value of the ending inventory at the end of April 16th?	_____	_____
e) What is the value of the ending inventory at the end of April 25th?	_____	_____

EXAMPLE

[illegible]

Lecture 22

ABC Inc. (--- weighted avg)

Below is information for the merchandising company of ABC, Inc., who uses the perpetual inventory system and the Weighted Avg method of costing:

1-Apr Beginning Inventory of 10 units @ \$48 unit cost

4-Apr Purchase 7 units @ \$50 unit cost

11-Apr Purchase 8 units @ \$54 unit cost

16-Apr Sale of 15 units @ unit selling price of \$80

25-Apr Purchase of 5 units @ \$55 unit cost

In regards to the above data, please complete the necessary work and answer each of the following questions (please place your answer in the blanks provided).

- a) What is the value of the ending inventory at the end of April 4th? _____
- b) What is the value of the ending inventory at the end of April 11th? _____
- c) What was the cost of goods sold amount for the April 16 sale? _____
- d) What is the value of the ending inventory at the end of April 25? _____

EXAMPLE

[illegible]

Lecture 21, 22

Chap 6 Acctg 1

NEW TEKNIQ CO.

NEW TEKNIQ CO made the following merchandise purchases and sales during the month of May:

1-May purchased	500 units at	\$16 each
5-May purchased	300 units at	\$18 each
10-May sold	450 units at	\$50 each (selling price)
20-May purchased	150 units at	\$18.75 each
25-May sold	200 units at	\$50 each (selling price)

There was NO beginning inventory. **REQUIRED:** List the Ending Inventory amount and the Cost of Goods Sold amount under EACH of the following methods:

FIFO	Ending Inventory = _____	CGS = _____
LIFO	Ending Inventory = _____	CGS = _____
Weighted Avg	Ending Inventory = _____	CGS = _____

Show your work in a clear and orderly way if you wish to receive partial credit. Numbers should be rounded to the nearest cent (i.e. \$67.84 rather than \$68 or \$67.8)

THERE SHOULD BE NO ROUNDING SITUATIONS ON THIS EXERCISE.

[illegible]

[illegible]

Accounting 1 Review Sheet for Test #3 (over Chap 5, 6)

Things I GUARANTEE YOU will be on test from Chapter 5

- NI Equations and Inventory Flow equation for Service Co and Merchandiser (see quiz!)
- Journal entries for purchase cycle for a merchandiser
- Journal entries for sales cycle for a manufacturer
- Acid Test Ratio (and how it compares to Current Ratio), Gross Margin Ratio

Things I GUARANTEE YOU will be on test from Chapter 6

- Definitions and such re: inventory
- Calculating CGS and Ending Inventory using
 - FIFO, LIFO, Weighted Avg, Specific ID
- Advantages/Disadvantages of the above methods
- LCM (Lower of Cost or Market)

Lect #30

Estimate of Bad Debt Expense (Allowance Methods)

Chap 9

Acctg 1

EXAMPLE #1

Mertz Co had Sales of \$1,500,000. They utilize the **Percentage of Sales method** for estimating bad debt expense. If they estimate bad debt to be 3% of sales, prepare the journal entry to estimate bad debt expense.

_____	_____
_____	_____

EXAMPLE #2

Keitzman Inc. utilizes the **Percentage of A/R method** to estimate bad debt expense. If Keitzman has an A/R balance of \$3,400,000 at year end and a CREDIT balance of \$6,200 in their Allowance for Doubtful Accounts accounts, prepare the journal entry to estimate bad debt expense if they feel that 2% of A/R will be uncollectible.

_____	_____
_____	_____

$$\text{Cost} = "C" = \underline{\hspace{2cm}}$$

$$\text{Est Life} = "EL" = \underline{\hspace{2cm}}$$

$$\text{Salvage Value} = \underline{\hspace{2cm}}$$

$$\frac{100\%}{\boxed{EL}} = \frac{\text{Oval}}{2}$$

$$= \frac{\text{Cloud}}{2} \leftarrow \text{"DDB"} = \text{Double Declining Bal rate}$$

Dep'n Exp YR 1	<div>C</div>	x	<div>Cloud DDB</div>	=	<div>D1</div>	Dep'n YR 1				
Dep'n Exp YR 2	<div>C</div>	-	<div>D1</div>	x	<div>Cloud DDB</div>	=	<div>D2</div>	Dep'n YR 2		
Dep'n Exp YR 3	<div>C</div>	-	<div>D1</div>	-	<div>D2</div>	x	<div>Cloud DDB</div>	=	<div>D3</div>	Dep'n YR 3

ETC.

Note: Keep depreciating in this manner. However, STOP depreciating when the asset's "BOOK VALUE" (i.e. "Cost" LESS "Accumulated Depreciation") is equal to the "SALVAGE VALUE" of the asset.

Leet #34

Acctg I -- Chapter 10 Handout --- Phil Murray's Vehicle

On January 1 of 2012, Phil Murray's company bought a company vehicle for a cost of \$48,000. The vehicle is estimated to last 5 years. Phil estimates that the vehicle will be used a total of 150,000 miles during its lifetime. The salvage value of the vehicle is estimated to be \$6,000 at the end of the 5 years. During 2012, Phil's company drove the vehicle 37,500 miles and in 2013, the company drove the vehicle for 48,300 miles.

Required: Calculate the amount of depreciation expense for 2012 AND 2013 under each of the following separate depreciation methods.

	2012	2013
Straight-Line Method	_____	_____
Units of production method	_____	_____
Double declining balance method	_____	_____

REVIEW SHEET FOR ACCTG 1 TEST #4 over Chap 8, 9 and 10a

This list is not exhaustive, but I guarantee the following will be on the test.

Chap 8 –

- principles of internal control
- petty cash journal entries,
- bank reconciliation

Chap 9

- Estimating bad debt expense and writing off accounts under the allowance method
- How is A/R and 'allowance for DA' presented on the balance sheet
- N/R
- Credit card receivables.

First part of Chap 10 (pp 394 to 402 in textbook)

- Basic fundamentals of plant assets
- Computing COST of plant assets
- Computing depreciation under the 3 methods
 - straight line
 - units of production
 - double declining balance(*know how to do this! Students struggle w/ this method sometimes*)

Remember! The best way to study for the test is to RE-DO the HOMEWORK! Also remember that there are practice tests (and answers) on ANGEL.

ACCOUNTING 1 FINAL REVIEW

Chapter

- 1** $A = L + OE$
Financial Stmt (BS, IS, Stmt of Changes)
Principles of Accounting!!!
- 2** Basic Journal Entries
- 3** Adjusting Journal Entries
Trial Balance
- 4** Closing Entries
- 5** Recording purchases and sales using perpetual inventory
- 6** FIFO, LIFO, Wtd Avg, Spec ID
Analysis of inventory errors
- 7** We didn't cover this chapter.
- 8** Internal Control Info
Petty Cash
Bank reconciliation
- 9** Credit Card sales
Estimating bad debt expense (Allowance methods)
Computation of interest on Notes Receivable
- 10** Definition of fixed assets
Depreciation methods
Depletion/Amortization
Lump sum purchases
Revenue VS Capital expenditures
Asset Disposal journal entries
- 11** Anything covered in this chapter that we had HW problems on.

ALSO... NO END-OF-CHAPTER FINANCIAL RATIOS WILL BE ON TEST!!!

KNOW YOUR ACCOUNTING PRINCIPLES!!!

**KNOW YOUR ACCOUNT BALANCES AND WHICH FINANCIAL
STATEMENT THEY BELONG ON!!**