

#TomorrowsProfessionals

Chapter 0

5 Main Accounts	Definitions
Assets	Future Benefit
Liabilities	Future Obligation
Shareholders (Owners) Equity	Net Worth = Assets - Liabilities
Revenues	Income EARNED, not necessarily cash received
Expenses	Costs incurred, consumed or used up to help earn Revenues

Main Accounting Equation = Assets = Liabilities + Shareholders Equity

Assets = \$50,000

Liabilities = \$30,000

Shareholders Equity = \$20,000

Main Accounting Equation = Assets = Liabilities + Shareholders Equity + Dividends: Payment that is made out by the company to shareholders

Main Accounting Equation = DR = CR + CR

4 Financial Statements

1. Income Statement: Revenues - Expenses = Profit (Net Income)
2. Statement of Retained Earnings: Beginning Retained Earnings Balance + Profit - Dividends = Ending Retained Earnings Balance
3. Balance Sheet: Assets = Liabilities + Shareholders Equity (Retained Earnings)
4. Statement of Cash Flows: Cash inflows and cash outflows

PQ2-1



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PQ2-2

PQ2-4

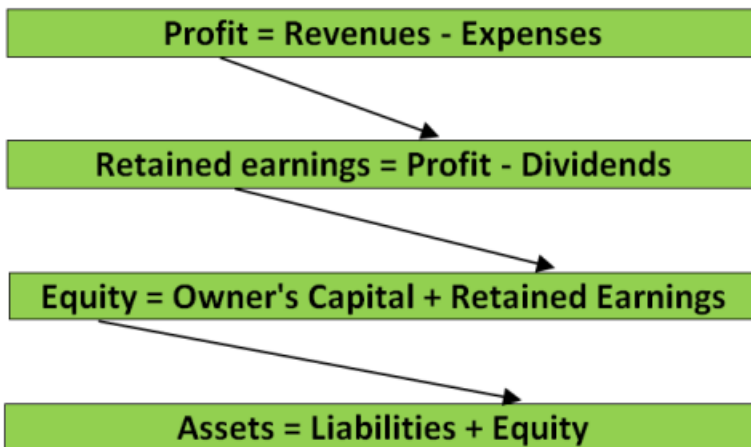
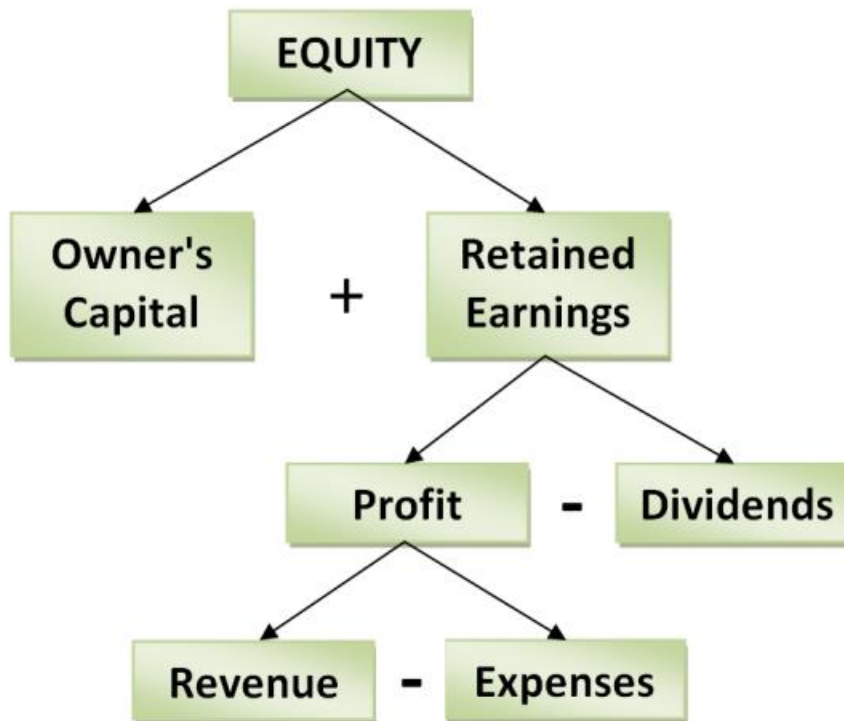
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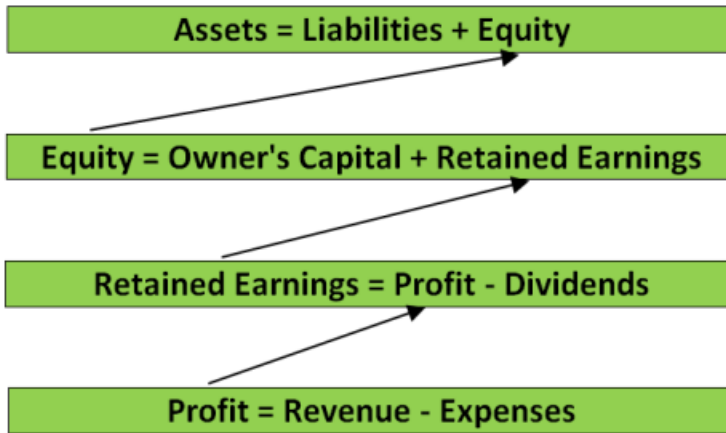
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Elements + Charts

	Revenues	Expenses	Profit
Q1			
Q2			
Q3			



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Enhancing Questions

What is the process to analyze business activities?

The best way to analyze any business activity is to have a set of questions that you ALWAYS ask when analyzing any activity.

Critical Questions	Enhancing Questions
What did the business get?	What did the business earn? (Revenue)
What did the business give away?	What did the business use, consume, or incur? (Expense)
	What does the business owe? (Liabilities or Owner's Capital)

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PQ2-7

Question	Asset	Liabilities	Equity
1)			
2)			
3)			
4)			
5)			
6)			
7)			
8)			



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PQ2-8

Question	Assets =	Liabilities +	Equity			
			Owners Capital +	Retained Earnings		
				Profit -		Dividends
				Revenues -	Expenses	
1)						
2)						
3)						
4)						
5)						
6)						
7)						
8)						
-	-	-	-	-	-	-
Total						



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PQ2-10



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PQ2-13

Question	Assets =	Liabilities +	Equity			
			Owners Capital +	Retained Earnings		
				Profit -		Dividends
				Revenues -	Expenses	
1)						
2)						
3)						
4)						
5)						
6)						
7)						
8)						
9)						
10)						
11)						
12)						
	-	-	-	-	-	-
Total						



ACCT'S **TUTORING** SERVICES

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PQ2-15 and PQ2-16

