

February 8th

Notes

Template – is a formatted spreadsheet complete with formulas that you can use to create another similar spreadsheet. Open the template, “save as” a new name, and then change the data as necessary. The template can be re-used many times, saving you the time to format, add formulas, etc.

Check Your Reading questions – theory questions, basically stuff you would need on a theory only quiz. Use these as your notes.

Apply Your Knowledge questions – these are the practical, hands-on questions that we spend most of your time on. There are often workbook pages or special forms used for these.

Assignment

Use your template from yesterday to create your own personal balance sheet.

February 9th

Assignment

Make sure you have the Unit 1 & 2 Outline. Start with the CYR (Check Your Reading) questions and jot these down into your notebooks. I will check these at the end of the chapter. The workbook pages are where you will do your AYK (Apply Your Knowledge) questions. I expect that we will be working on this for the next week.

Feb 12th

Notes

Remember that net worth = assets – liabilities

Assets are anything that has value. Sometimes small assets are lumped together under a similar heading. Ex. Supplies would include pens, staples, paper, etc.

Liabilities are debt. Short term debt would include credit cards (30 days), long term debt would be something like a mortgage (25 years).

New word – owner’s equity, also called Capital on a balance sheet. Ex. S. Tidey, Capital means that S. Tidey is the owner.

Think of it this way... equity means worth

We know that our own net worth equals assets minus liabilities.

Personal Equity is the same as net worth, it means personal worth. Once we make the switch to a business, we have something called owner’s equity. This represents the owner’s worth.

Finally, there is a new formula to learn:

$$A = L + OE$$

Total assets are equal to the total of Liabilities and Owner's Equity.

Feb 15th

Work class. Make sure you have completed both quizzes. I will get those back to you before the weekend. Test to wrap up chapter 1 will be Tuesday? Test has multiple choice, short answer, and practical.

February 16th

Quiz Observations... Check that you know the following:

$A = L + OE$ This is the official formula

Purpose of accounting – provide information for financial decision making (official definition)

Creditor – bank, not bank loan. A bank extends credit in the form of a loan. So do the lumber yards, and most other businesses. Remember that terms are the time given for you to pay back the credit. Example. 30 days

Mortgage – liability

Cost principle – assets are listed on balance sheet with purchase cost (acquisition value)

Business entity concept – business and personal must be kept separate.

Balance sheet must have a date. Assets, Liabilities, and Owner's Equity on a certain date. It could all change tomorrow.

February 21st

Read Chapter 3 in the textbook. Begin memorizing Debit = Left, Credit = Right. Draw T's everywhere you can until you can visualize which the increase and decrease side is for assets, liabilities, and capital. From now on we refer to owner's equity as "capital".

February 22nd

Use test transactions (Vanguard TV Repair) to work through a ledger of T-Accounts. Totaled the accounts and then created a trial balance. Make sure you have completed the Chapter 3 Check Your Reading questions.