

BEFORE WE GET STARTED

Remember to register your attendance and complete session evaluations.

Session numbers are in the program.



bit.ly/ProsperSAC23





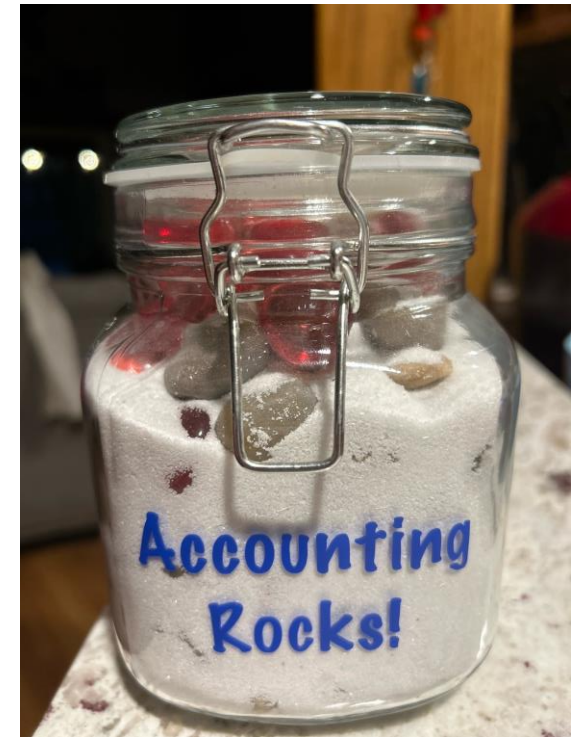
UIL Accounting Contest for Novices

(experienced folks welcome too!)

KAY WHITTON

STATE CONTEST DIRECTOR

Sharing Resources: Connecting my past and my future in UIL Accounting

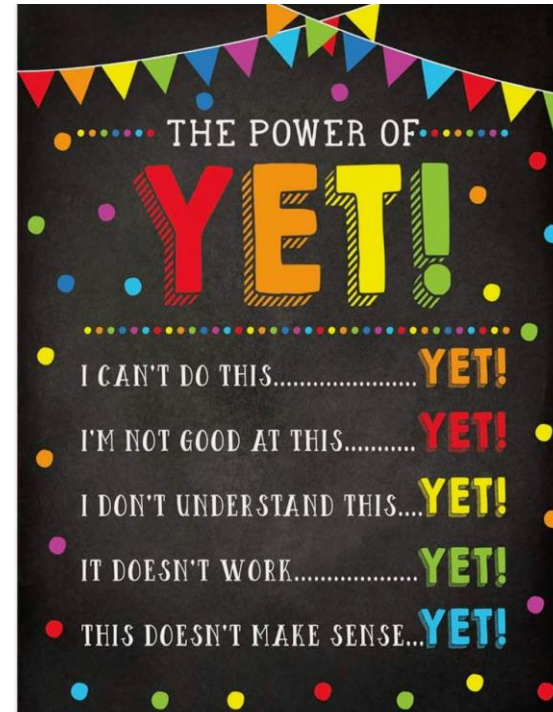
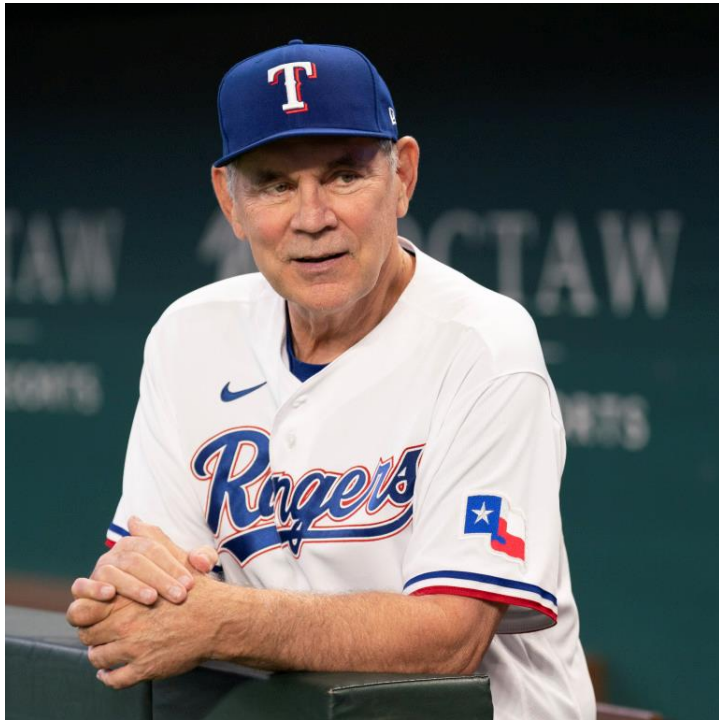


Accountingrocks.net

Bonus content!



Bonus content!



Basic Accounting Equation

(your first formula!)

Assets

=

Liabilities

Things that are owned by a business



**+ Owner's
Equity**



— IN A —
PERFECT WORLD

Assets

=

Owner's
Equity

In the real world, businesses rely on credit to grow...

Assets = Liabilities + Owner's Equity



Let's go on
to a new
concept...

Dallas Cowboys

Washington DC

Debits = Credits

Debits on the left

Credits on the right

T Accounts are helpful to assign account balances...

Assets	=	Liab. + Owner's Eq.
D		C
Assets are on the LEFT of the BAE, so assets have a DEBIT balance (DR)		Liab. & O/E are on the RIGHT side of the BAE, so they have a CREDIT balance (CR)

Sample accounts

Assets	= Liab. + Owner's Eq.
Cash in Bank	Liabilities are owed
Accts Receivable	(payable) to
Supplies	someone else
Equipment	Accts Payable (A/P)
Delivery Van	
Building	O/E Account: Capital

Initial
transaction:

Owner invests
\$25,000
personal \$ into
a new business

the Biz has more
Cash in Bank, A

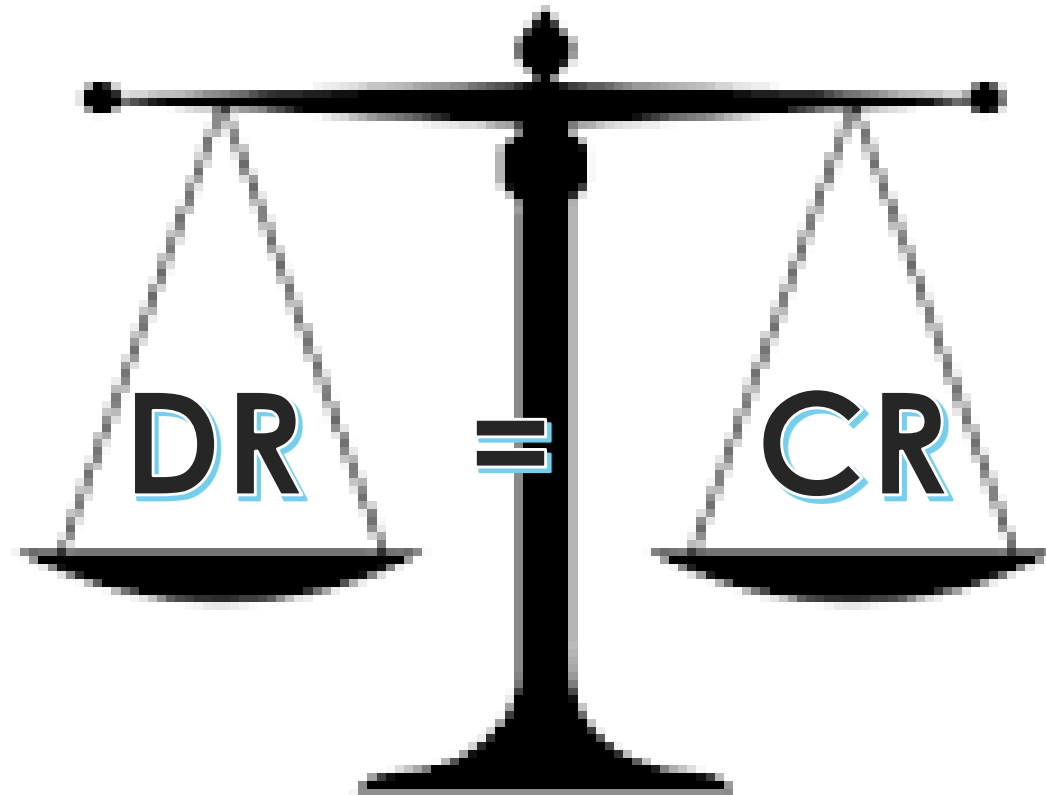
D	C
Balance Side = Increase side, B+ \$25,000	Decrease side —

Owner invests
\$25,000
personal \$ into
a new business

the owner has all the rights so
Capital, O/E is increased

D	C
Decrease side —	Balance Side = Increase side, B+ \$25,000

Accounting 'Rock':



Owner invests personal desk & furniture

$$DR = CR$$

Computer Furn. - A

, B+
1,000

—

Capital. - OE

, —

B+

25,000
1,000

Biz buys new computer equipment by writing a check for \$5,000

DR = CR

Cash in Bank - A

, B+	-
25,000	5,000
	Less \$

Computer Eq. - A

, B+	-
5,000	
	But more equip.

Biz buys delivery equipment for \$38,000, with \$3,000 down payment and financing the balance due

Cash in Bank - A

, B+	—
25,000	5,000
	3,000
	Less \$

Delivery Eqp. - A

, B+	—
38,000	
	more equip.

Accts./Pay. - L

,—	B+
	35,000
	More debt

DR = CR

The
transactions
so far have
affected only
Assets,
Liabilities &
Owner's Equity
accounts

ALOE accounts a/k/a

Balance Sheet

Real

Permanent

**Their balances carry over
from one year to the next**

**There are other
income-
related
transactions
that affect only
the Owner's
Equity Capital
account**

REN accounts a/k/a

Income Statement

Nominal

Temporary

**Their balances zero out at
the end of each year**

Basic Income Equation

(REN: your second formula!)

Revenue (earned by a biz- Capital)

- **Expenses** (costs to earn the revenue)

= **Net Income** (value added to the O/E acct)

or **Net Loss** (if expenses > revenue)

4 Transactions Affect Capital

Capital - Owner's Equity

—
Two transactions
Drawing – takes OUT

Two transactions
Expenses – OUTgo

B+

owner-related
Investments - puts IN

income-related
Revenue – INcome

Owner draws out (withdraws) \$500 from the biz for PERSONAL use

Cash in Bank - A

B+	-
25,000	
	5,000
	3,000
	500
	less \$

Capital - OE

-	B+
—	
500	25,000
	1,000
less	
capital	

Advertising on local webpages is paid for with a check for \$300

Cash in Bank - A

B+	-
25,000	5,000
	3,000
	500
	300
	less \$

Capital - OE

-	B+
—	25,000
500	1,000
300	
less	
capital	

Provided services by designing a new customer's website and getting \$400

Cash in Bank - A

B+	-
25,000	5,000
	3,000
400	500
	300
more \$	

Capital - OE

-	B+
	25,000
500	1,000
300	400
	more capital

Provided services **on account** by
designing a new website for \$800 (SOAR)

A/R (future \$) - A

B+	-
800	
more future \$	

Capital - OE

-	B+
	25,000
500	1,000
300	400
	800
	more capital

After just a few transactions,
the capital account is confusing

Capital - OE	
—	B+
	25,000 I
D 500	1,000 I
E 300	400 R
	800 R

Of the 4 transactions that affect capital,
three groups (**RED**) will have many
transactions during the year

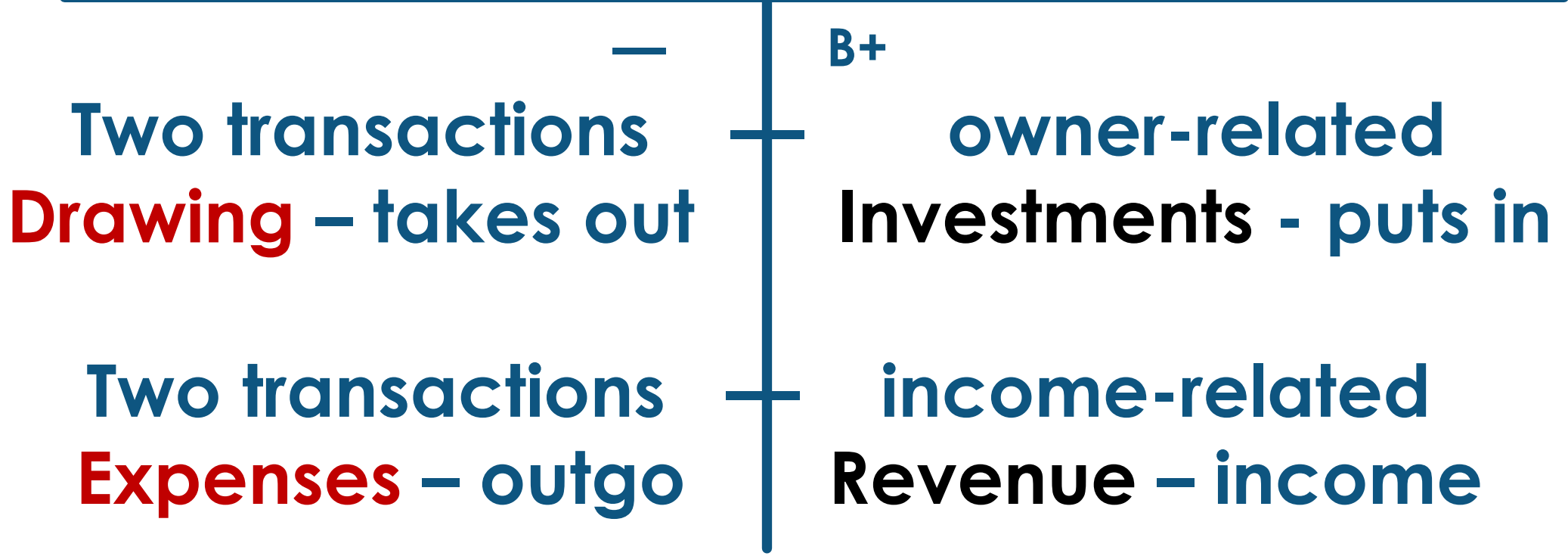
Capital - Owner's Equity

owner-related —
Drawing – hopes to
take out lots of \$
income-related
Expenses – many
expenses to earn \$

B+ owner-related
Investments - puts in
(hopefully very few)
income-related
Revenue – lots of
income to record

So we will give 3 of the 4 groups their own identity during the year (like kids going off to college)

Capital - Owner's Equity



Revenue as CR balance Expense & Drawing as DRs

Capital - Owner's Equity

Expenses - EOE Drawing - D ⁻ OE

B+

-

B+

-

Expenses & Drawing
will each have DR
balances since Debits
make capital go



B+

Investments will stay in Capital

Revenue - ROE

-

B+

Revenue will
have CR balance
since it makes
capital go



New acronyms to memorize!

**D
E
A
D**

**C
O
R
L**

New acronyms to memorize

Debits

Expenses

Assets

Drawing

Credits

Owner's Eq.

Revenue

Liabilities

Any questions so far?



**Now, let's
talk about
the UIL
accounting
contest itself:**

80 questions

5 points apiece

20 bonus points

420 potential score

**No penalty points for
guessing or wrong answers!**

Do not turn this page until the start signal is given!

All answers MUST be written on your answer sheet. Either upper case or lower case letters are acceptable. Write legibly. Write letters far enough above the line so that (for example) an “E” can be distinguished from an “F”.

Carefully read the instructions for each group of questions. Pay particular attention to instructions regarding: 1) the required format of answers; and 2) rounding.

Acceptable responses (which are not case sensitive) for the following are:

debit	=	DR
credit	=	CR

If you choose another response for the examples given above, it will be counted as incorrect. Do NOT spell out the word “debit” or “credit.” The reason for this strict code is to test your ability to read and follow instructions. It also facilitates in the grading process.

If the answer has zero cents, it is not necessary to write the decimal or the zeroes for cents.

A dollar amount with cents must have two decimal places. A required decimal point must be clearly visible and in the correct position.

UIL ACCOUNTING Invitational 2004-A

Group 1

For each of the following accounts in items 1 through 10, identify the account classification by writing the correct identifying letter from the following list AND write DR or CR to identify the account's normal balance side. Both parts of your response must be correct for your answer to be correct.

A. Asset

B. Liability

C. Capital

D. Revenue

E. Cost of Merchandise Sold

F. Expense

1. Accounts Payable

2. Sales

3. Rent Expense

4. Supplies on Hand

5. Cash

6. Johnnie Mathers, Drawing

7. Fees Earned

8. Prepaid Insurance

9. Johnnie Mathers, Capital

* 10. Purchases Discounts

Inv. B - 1998

In items 1 through 10 are listed some of the accounts that appear in the Account Title section of a work sheet. Indicate whether the normal account balance will be entered in the debit or the credit column of the Trial Balance section of the work sheet using the following code: DR = Trial Balance debit column CR = Trial Balance credit column

1. Store Equipment
2. Rent Expense
3. Service Revenue
4. Accounts Payable
5. Barbara Sims, Capital
6. Accounts Receivable
7. Purchases
8. Merchandise Inventory
9. Office Supplies
10. Sales Discounts

Previous (archived) tests are
online at this link...

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<http://www.funderburkcpa.com/uil/exams>

**Now, let's practice with
this handout ...**

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Accounting Cycle – Steps 1-4

- 1) Collect source docs**
 - 2) Analyze transactions into DR/CR**
 - 3) Record in journal**
 - 4) Post to ledger**
- (T-Accounts serve as journal/ledger)**

Kellan Moore began business operations on March 1, 2022, designing and building web pages for the public. His March transactions are below. For questions 1-26, indicate the letter of the corresponding accounts that are debited and credited for each transaction.

Acct #	Account Title	Acct #	Account Title
100	Cash in Bank	200	Accounts Payable
105	Accounts Receivable	300	Kellan Moore, Capital
110	Office/Comp. Supplies	305	Kellan Moore, Drawing
115	Prepaid Insurance	400	Prof. Fees Revenue
120	Office Furniture	500	Telephone Expense
125	Computer Equipment	505	Internet Expense

T1 Kellan used his personal savings of \$3,000 to invest in the business

100 Cash - A	
B+	-
(1) 3,000	
More cash	

300 K.M., Capital - OE	
-	B+
	3,000 (1)
	More capital

Enter 100 by #1 and 300 by #2

T2 Purchased paper, and various other supplies for \$160 with check #101

110 Ofc/Comp Sup -A

		B+	-
(2)	160		
	More supplies		

100 Cash - A

		B+	-
(1)	3,000		
	Less cash		160 (2)

Enter 110 by #3 and 100 by #4

T3 Invested computer and printer, valued at \$1,800, in the business

125 Comp. Eqp-A

	B+	-
(3)	1,800	
	More biz. eqp.	

300 K.M., Capital - OE

	, -	B+
		3,000 (1)
		1,800 (3)
		More capital

Enter 125 by #5 and 300 by #6

T4 Used check #104 to purchase a used computer desk for \$75

120 Office Furn. - A

	B+	-
(4) 75		
More furniture		

100 Cash - A

	B+	-
(1) 3,000		
		160 (2)
		75 (4)
		Less cash

Continue entering Acct #'s by Question #'s

T5 Bought a new printer from BJ's Computers for \$1,200 on account (BOAP)

125 Comp. Eqp-A

B+	-
(3) 1,800	
(5) 1,200	
More biz. eqp.	

201 A/P - BJ's - L

-	B+
	1,200 (5)
	More debt

T6 Withdrew with check #106 \$50 for personal use

305 K.M. Drawing - D

	B+	-
(6) 50		
More drawing (less capital)		

100 Cash - A

	B+	-
(1) 3,000		
		160 (2)
		75 (4)
		50 (6)
		Less cash

T7 Paid \$100 with check #105 on account to BJ's Computers (POAP)

201 A/P - BJ's - L

		-	B+	
(7)	100			
			1,200	(5)
	Less debt			

100 Cash - A

		B+		
(1)	3,000		- 160	(2)
			75	(4)
			50	(6)
			100	(7)
			Less cash	

T8 Paid the cellphone bill for the current month, \$35 with check #102

500 Cellphone Exp -E

		B+	-
		(8) 35	-
		More exp.	

100 Cash - A

		B+	-
		(1) 3,000	- 160 (2)
			75 (4)
			50 (6)
			100 (7)
			35 (8)
			Less cash

T9 Paid L.A. Company a fee of \$25 with check #103 for internet access for March

505 Internet Exp - E

	B+	-
(9) 25		
More exp.		

100 Cash - A

	B+	-		
(1) 3,000			160	(2)
			75	(4)
			50	(6)
			100	(7)
			35	(8)
			25	(9)

Less cash

T10 Billed Steven Parks, a client, \$100 to set up a 10-page web site. (SOAR)

105 Accts/Rec. - A

	B+	-
(10)	100	
More future cash		

Prof. Fees - Rev

-	B+
	100 (10)
	More revenue

**T11 Upon completion of a multilevel website,
received \$300 from Acme Builders**

100 Cash - A

		B+		
		-	160	(2)
(1)	3,000		75	(4)
(11)	300		50	(6)
			100	(7)
			35	(8)
	More cash		25	(9)

Prof. Fees - Rev

		B+		
		-		
			100	(10)
			300	(11)
	More revenue			

T12 Received \$100 on account from Steven Parks. (ROAR)

100 Cash - A

		B+	-	
			160	(2)
(1)	3,000		75	(4)
(11)	300		50	(6)
(12)	100		100	(7)
			35	(8)
			25	(9)
More real cash				

105 Accts/Rec. - A

		B+	-	
(10)	100			
			100	(12)
				less future cash

**T13 Paid \$200 with biz. Debit card
for six months of insurance
on the last day of March, effective April 1**

100 Cash - A

		B+	-	
			160	(2)
(1)	3,000		75	(4)
(11)	300		50	(6)
(12)	100		100	(7)
			35	(8)
			25	(9)
			200	(13)

115 Prepaid Ins. - A

		B+	-
(13)	200		
A prepaid expense is an asset			

WOOOHOO!

You did it!

(we're nearly done!)

Now we just need to calculate the balance in each of our accounts

100 Cash - A

	B+	-	160	(2)
(1)	3,000		75	(4)
(11)	300		50	(6)
(12)	100		100	(7)
			35	(8)
	DRs 3,400		25	(9)
	\$2,755		200	(13)
			645	CRs

Write the balance of each account
at the bottom on its B+ side.

105 Accts/Rec. - A	
<hr/>	
	B+
(10)	100
	-
	100 (12)
<hr/>	
	0
<hr/> <hr/>	

For T-accounts with only one entry, draw a double line to show that is the balance

110 Ofc/Comp Sup. -A

	B+	-
(2)	160	
	<u>160</u>	

115 Prepaid Ins. -A

	B+	-
(13)	200	
	<u>200</u>	

Debit balances are written on the left...

120 Office Furn. -A

	B+	-
(4)	75	
	<u>75</u>	

125 Comp. Eqp-A

	B+	-
(3)	1,800	
(5)	1,200	
	<u>3,000</u>	

Credit balances are written on the right...

201 A/P - BJ's - L

		—	B+
(7)	100		1,200
			<hr/> 1,100 <hr/> <hr/>

300 K.M., Capital - OE

		—	B+
			3,000 (1)
			1,800 (3)
			<hr/> 4,800 <hr/> <hr/>

Temporary capital accounts (RED) only increase during the year so they should have amounts only on their B+ side...

60

305 K.M. Drawing - D

	B+	-
(6)	50	X
	<hr/> <hr/>	

400 Prof. Fees - R

	-	B+
	X	100 (10)
		300 (11)
		<hr/>
		400
		<hr/> <hr/>

For T-accounts with only entry, just put a double line to show that is the balance

500 Cellphone Exp -E

<u>B+</u>		<u>-</u>
(8)	35	X
<u> </u>		

505 Internet Exp -E

<u>B+</u>		<u>-</u>
(9)	25	X
<u> </u>		

Now, we'll
do a final
check to see
if our DR
balances =
our CR
balances

Trial Balance

62

	DR	CR
Cash	2,755	A/P 1,100
A/R	0	Capital 4,800
Supplies	160	Fees Rev <u>400</u>
PPI	200	
Ofc.Furn.	75	
Comp.Eqp.	3,000	
Drawing	50	
Cell Exp	35	
Internet Exp	<u>25</u>	
Total DRs	<u>6,300</u>	Total CRs <u>6,300</u>

**Let's Review:
Assets,
Liabilities &
Owner's Equity
accounts**

ALOE accounts a/k/a

Balance Sheet

Real

Permanent

**Their balances carry over
from one year to the next**

Revenue
- Expenses
= Net Income

temporary
Capital
accounts

**(go off to college—
come home at year-end)**

REN accounts a/k/a

Income Statement

Nominal

Temporary

**Their balances zero out at
the end of each year**

**New
concept...**

Worksheet

Working paper

Make adjustments

Correct errors

Calculate Net Income (IS cols)

Statement of Position (BS Cols)

Completing the Worksheet

List accounts & #s in TB

Make sure that DRs = CRs

Extend (transfer) to IS & BS

Calculate column totals

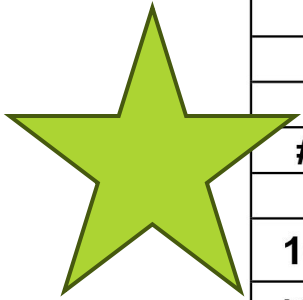
Calculate Net Income

Kellen Moore Web Design

Work Sheet

For Month Ended March 31, 20--

#	Account Title	Trial Balance		Adjustments		Income Stmt		Balance Sheet	
		Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
100	Cash in Bank	2755						2755	
105	Accounts Receivable	0						0	
110	Office/Comp. Supplies	160			40			120	
115	Prepaid Insurance	200			0			200	
120	Office Furniture	75						75	
125	Computer Equipment	3000						3000	
200	Accounts Payable		1100						1100
300	Kellan Moore, Capital		4800						4800
305	Kellan Moore, Drawing	50						50	
310	Income Summary	---	---			---	---		
400	Prof. Fees Revenue		400				400		
500	Cellphone Expense	35				35			
505	Internet Expense	25				25			
510	Insurance Expense	---		0		0			
525	Supplies Expense	---		40		40			
	Column Totals	6300	6300	40	40	100	400	6200	5900
	Net Income/Loss					300			300
	Balancing Totals					400	400	6200	6200



B



I

CAPITAL FORMULA

(the college kids come Home to Capital)

300 K.M., Capital - OE

	—	B+	0	Beg. Cap
- DRAW	50		3,000	+ Inv.
			<u>1,800</u>	+ Inv.
			4,800 =	COW
- NL			300 +	NI
			<u>5050</u>	End. Cap.

PCTB - Post Closing Trial Balance

69

Now, we'll
do a final
check to see
if DR = CR

(Perm.
Account
balances
ONLY)

	DR	CR
Cash	2,755	A/P 1,100
A/R	0	Capital <u>5,050</u>
Supplies	120	
PPI	200	
Ofc.Furn.	75	
Comp.Eqp.	<u>3,000</u>	
Total DRs	6,150	Total CRs <u>6,150</u>

Accounting Cycle

70

C-A-R-P-T-W-F-A-C-T-R

Pronounce it CarpetWFactor

C – Collect source documents

A – Analyze into Drs and Crs

R – Record in Journal

P – Post to General Ledger

T – Trial Balance

W – Worksheet

F – Financial Statements

A – Adjusting Entries

C – Closing Entries

T – Post-closing **T**rial Balance

R – Reversing entries (state)

SUCCESS!



That's all for now!



BANK REC. FORMULA

Bank Reconciliation

BK Bal on Stmt	CkBk Bal on Stubs
+ Dep in Transit	- Bank Chgs
- O/S Checks	+/- Check Adj.
= Rec. Balance	= Rec. Bal.

CAPITAL FORMULA

Capital - OE

	—	B+		
			Beg. Capital	BCap
			+ Investments	+ <u>Inv</u>
			= Cap. On WS	= COW
			(COW)	+ NI
- Drawing			+ Net Income	- NL
- Net Loss			= End Capital	- <u>D</u>
				= <u><u>ECap</u></u>

SUPPLIES FORMULA

Supplies - A

	B+	—	
Beg. Supplies + Bought = Supp. On TB (SOT)			BSupp + <u>Bot</u> = SOT
= End Supplies		- Supplies Used (Supplies Exp.)	- Used = <u><u>ESupp</u></u>

INSURANCE FORMULA

Prepaid Insurance - A

		B+	—	
Beg. PPInsurance				B-PPI
+ Bought				+ Bot
= PPI On TB				= POT
(POT)				– Used
= End PPI				= <u>E-PPI</u>

Income Statement

Calculate COGS

Purchases
+ Trans. In
= Cost of Del. Goods
- Purch Discounts
- Purch Ret & Allow
= NET PURCHASES

+ Beg. Inventory
= Cost of Goods Avail.
- End. Inventory
= Cost of Goods Sold

Pur
+ TI
= CODG
- PD
- PRA
= NP

+ BI
= COGA
- EI
= COGS

Income Statement

Calculate NI

Sales
- Sales Discounts
- Sales Ret & Allow
= NET SALES

- Cost of Goods Sold
= Gross Profit
- Expenses
= Net Income

Sales
- SD
- SRA
= NS

- COGS
= GP
- Exp
= NI