

Study Review for Exam 1 for Accounting

- **Comparable Reliable**
- **Terms from Chapter 1**
- **Organizations & Benefits of each**
- **Accounting Equations**
- **What Increases/decreases Accounts (debits/credits)**
- **Revenue – what you earn for your service and not recorded until the cash is earned**
- **Revenue have a credit account**
- **Using algebra to solve accounting equation**
- **What is retained earning?, How do we calculate it ?**
- **Dividends are not an expense**
- **Which one is for a period of time or specific date?**
- **Income Statement – period of time , Balance Sheet – is a set date (December 31)**
- **Statement of Retained Earning goes to the balance sheet (know the different types of accounts**
- **Know the order of the statement**
 - **1. Income Statement – net income carries over**
 - **2. Retained Earning - Ending Retained earning carries over**
 - **3. Balance Sheet – Ending Cash carries over**
 - **4. Cash Flow**
- **Know the types of Assets, Liabilities , Stockholders Equities**
- **Unearned Revenue**
- **Journal entry for buying on account**

- Account receivable
- Transaction that affect net income
- When customer pays off the expens , the asset increase
- Don't record expense until they are accrued
- Cash dividends (how affects equation) contra- equity account
- Cash goes down, Equity goes down
- Debt dividend
- Credit cash
- Know what Normal balance affects
- Prepaid Expenses and what are accrued
- Know what trial balances are and what they are used for
- Takes Ending balance all debits=credits form the T-account
- Purchase Supplies account
- How affect accounting equation
- Know the different closing entries
- Use T-account to solve for the unknown
- Accumulated Expenses (Increase by 1000) debit
- Plant assets – computers , equipment
- Historical cost – How much you will pay for the item
- Accumulated depreciation – contra-asset account
- Increase with debit
- Know how its recorded
- Unearned Revenue
- Temporary Entries

- **Permanent Entries**
- **Know what liquidity is and what order they go in balance sheet**
- **Cash**
- **Accounts Receivable**
- **Inventory**
- **Long term – building computer, car**
- **Current and debit ratios**
- **Higher vs Lower**
- **How to calculate**
- **Purpose of Internal Control**
- **Limitations of Internal control**
- **Bank Reconciliation**
- **Bank Errors**
- **Book Error**
- **NSF Checks - asset would stay the same**
- *Decrease cash*
- *Increase Receivables*
- **Budget purpose**
- **Internal control procedures**
- **Who is responsible for company risks?**
- *Managers*
- **Controls of cash**
- *Cash receipts*
- **Framework for ethical , know the four different ones**