

Determine whether the account is an Asset, Liability, or Owners' Equity; for Assets and Liabilities determine what kind each account is: USE PAGE 19 FOR REFERENCE

1) Cash:	Asset	Liability	Owners' Equity
2) Common Stock:	Asset	Liability	Owners' Equity
3) Security Deposit:	Asset	Liability	Owners' Equity
4) Loan Payable:	Asset	Liability	Owners' Equity
5) Inventory:	Asset	Liability	Owners' Equity
6) Retained Earnings:	Asset	Liability	Owners' Equity
7) Taxes Payable	Asset	Liability	Owners' Equity

Determine which of the financial statements the following accounts would appear on; some accounts will appear on more than one: USE PAGES 17-19 FOR REFERENCE

1) Common Stock	Income	Owners Equity	Balance Sheet
2) Cash	Income	Owners Equity	Balance Sheet
3) Sales	Income	Owners Equity	Balance Sheet
3) Advertising Expense	Income	Owners Equity	Balance Sheet
4) Cost of Sales	Income	Owners Equity	Balance Sheet
5) Retained Earnings	Income	Owners Equity	Balance Sheet
6) Loan Payable	Income	Owners Equity	Balance Sheet

NOTE ** If you finish early can you find a pattern between the T-Account Sheet and the Financial Statements?



Megan decided to start her own business selling handcrafted marbles. She started her corporation Megan’s Magnificent Marbles Inc. by selling 1,000 shares of stock for \$20 per share. Next Megan borrows money from her Uncle Phil for the amount of \$25,000. Her and her Uncle Phil agree that she will pay back the loan in 5 years and will pay interest of 10% each year. Megan bought 6,000 marbles at \$3 each and sold 4,000 at \$8 each. The company also paid a security deposit of \$2,000, advertising expense of \$2,000 and 12 months rent for \$6,000. On December 31, Megan pays the first year’s interest to Uncle Phil of \$2,500. The tax rate is 20% of income and will be paid in 2016

Prepare T-Accounts, Balance Sheet and Income Statement

LET’S BREAK THIS PARAGRAPH DOWN SENTENCE BY SENTENCE. FOR EACH SENTENCE PREPARE THE PROPER T-ACCOUNT TRANSACTION. THINK ABOUT WHAT ACCOUNTS ARE RELEVANT TO EACH SENTENCE AND HOW THAT ACCOUNT IS BEING AFFECTED. EXAMPLE IS CASH BEING INCREASED OR DECREASED?

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The company also paid a security deposit of \$2,000, advertising expense of \$2,000 and 12 months rent for \$6,000.

On December 31, Megan owes the first year’s interest to Uncle Phil of \$2,500.

The tax rate is 20% of income and will be paid in 2016

