

# **Grade 11 Accounting Principles (30S)**

A Course for Independent Study

Field Validation Version





**GRADE 11 ACCOUNTING  
PRINCIPLES (30S)**

A Course for Independent Study

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# MODULE 1

## Introduction to Accounting Principles

This module contains the following lessons:

- Lesson 1: Introduction
- Lesson 2: The Accounting Equation
- Lesson 3: The Balance Sheet
- Lesson 4: Preparing a Balance Sheet
- Lesson 5: Analyzing Changes in the Accounting Equation
- Lesson 6: Recording Changes in Financial Position
- Lesson 7: Recording Transactions in T-Accounts
- Lesson 8: Calculating New Balances in the Ledger
- Lesson 9: Preparing a Trial Balance
- Lesson 10: Preparing an Updated Balance Sheet After Changes in Financial Position



# LESSON 1: INTRODUCTION

## Overview



Welcome to the first lesson of Grade 11 Accounting Principles. This lesson is a little different from the other lessons in this course. You will not be learning about accounting; instead, you will be learning about how you will be completing the course. It's sort of like the first few days of school when the teacher tells you about your course and what you are going to learn.

## What is Accounting?

Accounting is sometimes called “the language of business.” It involves identifying, measuring, recording, interpreting and communicating the results of business activities. It is used as a basis for controlling resources, determining profits, and measuring accomplishments.

The purpose of accounting is to provide decision makers with useful information to assist them in making business and economic decisions. Decision making is carried out by individuals, businesses, communities, churches, and governments. Accounting education provides an awareness of a wide variety of accounting and technology careers, and lays the foundation for continued study and lifelong learning.

As you work through Grade 11 Accounting Principles, you will develop the ability to understand and use accounting information effectively. You will actively explore accounting by using computer applications. Computers in accounting offer an exciting way to perform mathematical and repetitive tasks, as well as the ability to quickly prepare accurate financial statements.

Each lesson begins with learning outcomes that measure the new knowledge you will gain in the lesson. Explore the concepts in each lesson further by collaborating with your study partner, your peers, and adults working in the accounting profession, as well as by searching the Internet.

## What Will You Learn?

There are eight modules in this course. They are:

- Module 1: Accounting Principles – A Balancing Act
- Module 2: The Income Statement – In the Red or Black?
- Module 3: Journals and Ledgers – Keeping Track of It All

- Module 4: The Worksheet – Sharpen Your Pencil
- Module 5: Cash Control – Who’s Got the Money?
- Module 6: Merchandising Business
- Module 7: Payroll – A Dollar Earned
- Module 8: Income Tax – Your Fair Share



Following most lessons, there are one or more learning activities to test your knowledge and understanding of the lesson material. It is important that you complete all learning activities carefully to the best of your ability so that you can develop as many skills as possible to become efficient and employable in the accounting field. You are required to email your assignments to your tutor/marker, whose email address was included with this course. At the same time, you will email your assignments to the Independent Study Option at [distance.learning@gov.mb.ca](mailto:distance.learning@gov.mb.ca). Please refer to the Module and Lesson Goal Chart for a listing of all learning activities and assignments. You will find this chart at the end of this lesson.

## How Will You Know How You’re Doing?

You will know how well you are learning by how well you complete the following things:

### Midterm and Final Exams



The course contains a midterm exam and a final exam. You will be writing your midterm exam after Module 3 and your final exam after Module 8, the final module in the course. You will be writing both of these exams under supervision. Both of these exams are worth 25% each, for a total of 50%.

In order to write your exams, you will need to apply for them. Here is how you can do that.

**If you are attending school**, ask your school’s Independent Study Option (ISO) Facilitator to add your name to the ISO exam eligibility list. Do this at least three weeks prior to the next scheduled exam week.

**If you are not attending school**, check the **Examination Request Form** for options available to you. The Examination Request Form was mailed to you with this course. Fill in this form and mail or fax it three weeks before you are ready to write the Final Supervised Project. The address is:

ISO  
 555 Main St.  
 Winkler, MB R6W 1C4  
 Fax: 204-325-1719  
 Phone: 1-800-465-9915



## Assignments

Each module in this course contains at least one assignment that you will complete and email to your tutor/marker. All of these assignments are worth a total of 50% of your final grade.

Assignments provide the opportunity to develop analytical, decision-making, communication, and accounting skills. Assignments should be considered as “the contracts of business,” which in real life are highly competitive. This means that you should do your very best to complete each assignment as accurately and attractively as possible.

## What are Learning Activities?



Learning activities are activities that are not assessed. In other words, you complete them and check your answers yourself (the answer keys are found at the end of the module). **You do not email learning activities to your tutor/marker.**

Make sure that you complete each learning activity, because doing so will help you to practice what you have learned and prepare you to successfully complete your assignments and exams.

## What Will You Need?

In order to complete this course, you will need a computer with:

- a spreadsheet program like **Excel**
- a word processor like **Word**
- Internet/Email access

## Downloadable Files



Several times during the course you will need access to some files that can be downloaded from this website:

[www.edu.gov.mb.ca/k12/dl/downloads/index.html](http://www.edu.gov.mb.ca/k12/dl/downloads/index.html).

If you do not have access to the Internet, phone the Independent Study Option at 1-800-465-9915 and a CD containing the files will be sent to you.

## How Much Time Will You Need?

Learning accounting through independent study is a little different than learning it in the classroom. One of the advantages is that you are in charge of how you learn, and you can decide for yourself the pace at which you will complete the course. You don't have to wait for your teacher or classmates, and you can work as quickly or as slowly (within limits) as you want. You can also complete as many lessons at a time as you want. Read the next few pages to get an idea of how to pace yourself.

You will be spending a minimum of 110 hours on this course. That means at least 45 minutes per school day to complete the course in a regular school year, or at least 90 minutes daily in a semester. Take a look at the following three charts and decide which chart best describes the time of year that you want to be covering the course.

### Chart A: Semester 1

Here is a suggested timeline that you can follow if you start your course in September and need to complete it by the end of January.

Module	Completion Date
Module 1	September 15
Module 2	September 30
Module 3	October 15
Module 4	October 31
Module 5	November 15
Module 6	November 30
Module 7	December 15
Module 8	January 10

## Chart B: Semester 2

Here is a suggested timeline that you can follow if you start your course in January and need to complete it by June.

Module	Completion Date
Module 1	February 15
Module 2	February 30
Module 3	March 15
Module 4	March 31
Module 5	April 15
Module 6	April 30
Module 7	May 15
Module 8	May 31

## Chart C: Full School Year (Not Semestered)

Here is a suggested timeline that you can follow if you have registered for this course in September and would like to complete it by June.

Module	Completion Date
Module 1	September 30
Module 2	October 31
Module 3	November 30
Module 4	January 31
Module 5	February 28
Module 6	March 31
Module 7	April 30
Module 8	May 31



Do not wait until the last minute to complete your work, since your tutor/marker may not be available to mark it right away. It could take a few weeks for your tutor/marker to mark everything and send the marks to your school.

Following most lessons, there are one or more learning activities to test your knowledge and understanding of the lesson material. It is important that you complete all learning activities carefully to the best of your ability so that you can develop as many skills as possible to become efficient and employable in the accounting field.

## Goal Setting

Plan to succeed. Set aside specific times on a daily basis when you will work on this course. Do not allow other activities to divert your attention. Only dire emergencies should take precedence over your studies. Remember, completing one page at a time to the end of the course will lead to success and to the achievement of your goal of completing the course.

Using the **Module and Lesson Goal Chart** on pages 14–18, fill in your target dates for each lesson. This will assist you in monitoring your progress as you work through the course. Be realistic and allow adequate time to complete each lesson. It may take a few lessons for you to determine how much time you need to complete each lesson. Make the necessary adjustments on your chart. Continue through the whole course using the same process, always setting a target date. You have **one year** from your registration date to complete this course.



**If you need this course to graduate this school year, remember to schedule and complete your final exam by June 1.**

## When Do You Email Your Assignments?

You'll be emailing your assignments to your tutor/marker as soon as you have completed them. Each time you mail something, you must include the Module Cover Sheet. Here is a chart showing exactly what you will be mailing in at the end of each module.

Module	Assignments that You'll Be Sending In
Module 1	Assignment 1.1 Assignment 1.2
Module 2	Assignment 2.1
Module 3	Assignment 3.1
Module 4	Assignment 4.1
Module 5	Assignment 5.1
Module 6	Assignment 6.1
Module 7	Assignment 7.1
Module 8	Assignment 8.1

## What if You Need Help?

Taking an independent study course is different from taking a course in a classroom. Instead of the teacher telling you to complete an assignment, you need to tell *yourself*. However, the following two people can help you be successful in your course:

### Your Tutor/Marker

The first person who can help you is your tutor/marker. Tutor/markers are experienced teachers who tutor distance learning students and mark assignments and exams. When you are having difficulty, be sure to contact your tutor/marker, who is there to help you. If you are not sure how to contact your tutor/marker, phone the Independent Study Option at 1-800-465-9915.

## Your Study Partner



The next person who can help you with your course is your study partner. A study partner is **someone you choose** who will help you learn. It may be someone who knows something about accounting, but it doesn't have to be. A study partner could be someone else who is taking this course, a teacher, parent, sibling, or a friend, or anybody else who can help you. Most importantly, a study partner should be someone you feel comfortable with and will support you as you work through this course.

Your study partner can help you keep on schedule, check your work, help you make sense of assignments, read your course with you, or look at your learning activities and respond to them. You may even study for your exam with your study partner.

## What Are the Guide Graphics For?

Graphics have been placed inside the margins of the course to identify a specific task. Each graphic has a specific purpose to guide you. A description of each graphic is described below:



**Assignment:** This guide graphic tells you that this is an assignment that you complete and send to your tutor/marker.



**Internet:** If you have access to the Internet, you can use it to get more information. Internet access is optional.



**Learning Activity:** Complete this learning activity to help you review or practice what you have learned and prepare for your assignment and exam. You will not send learning activities to your tutor/marker.



**Study Partner:** Ask your study partner to help you with this task.



**Email:** It is now time to email your assignments.



**Time:** This icon gives you an approximate idea of the amount of time that you will need to complete this lesson or assignment. The actual time that it takes to complete an assignment varies from student, so these are just rough guides. If you find that you have completed an assignment in much less time than is listed on the icon, then you may need to spend more time on it. If you find that you are spending much more time than indicated, it may be time to move on.



**Key Point:** This icon identifies important information you will need to complete the course.



**Exam Preparation:** This icon refers to content in the course that is likely to be found on either the final exam. So, make sure that you learn it well.



**Reminder:** This icon is used to identify important points you will need to remember in order to complete the course.



**Folder:** This icon is used to identify assignments that are to be collected in a “folder” for submission to your tutor/marker for assessment at the end of a module.



## Learning Activity 1.1

This is the first learning activity in the course and it is a really easy one. All you need to do is to phone your tutor/marker and speak to him/her about you and your course. Your tutor/marker is anxious to find out about you, and this short phone conversation will help you complete the course as smoothly as possible.

Your tutor/marker's phone number came with the letter that was attached to the course. If you can't find it, contact the Independent Study Option office at 1-800-465-9915. Phone your tutor/marker and be prepared to talk about the following topics:

- Are you attending school? If so, which one?
- Why did you decide to take Grade 11 Accounting Principles through independent study?
- Is this your first time studying an independent study course?
- Do you have any concerns about the course? If so, what are they?

You will notice that all other learning activities besides this one have an answer key. Because of the nature of this learning activity, it does not need one.

## Introduction to Module 1

You are now finishing Lesson 1 of Module 1. Here is a list of the titles of each of the lessons in Module 1:

- Lesson 1: Introduction
- Lesson 2: The Accounting Equation
- Lesson 3: The Balance Sheet
- Lesson 4: Preparing a Balance Sheet
- Lesson 5: Analyzing Changes in the Accounting Equation
- Lesson 6: Recording Changes in Financial Position
- Lesson 7: Recording Transactions in T-Accounts
- Lesson 8: Calculating New Balances in the Ledger
- Lesson 9: Preparing a Trial Balance
- Lesson 10: Preparing an Updated Balance Sheet After Changes in Financial Position

**There are two assignments in this module to be emailed to your tutor/marker.**

**Assignment 1.1 is at the end of Lesson 6 and it is worth 4 percent of your final mark. Assignment 1.2 is at the end of Lesson 10, and is worth 3 percent of your final mark.**

## Module and Lesson Goal Chart—Accounting Principles

Module Topic	Lesson	Lesson Topic	Hours	Learning Activity	Assignment	Value	Target Date	Completion Date
Introduction to Accounting Principles								
	1	Introduction	1	1.1				
	2	The Accounting Equation	1	1.2				
	3	The Balance Sheet	2	1.3				
	4	Preparing a Balance Sheet	2	1.4				
	5	Analyzing Changes in the Accounting Equation	2	1.5				
	6	Recording Changes in Financial Position	2		1.1	4		
	7	Recording Transactions in T-Accounts	2	1.6				
	8	Calculating New Balances in the Ledger	2	1.7				
	9	Preparing a Trial Balance	2	1.8				
	10	Preparing an Updated Balance Sheet After Changes in Financial Position	2		1.2	3		(One month after receiving the course)

Module 1 – 18 hours – 10 lessons – 8 learning activities – 2 assignments

## Module and Lesson Goal Chart—Accounting Principles

Module Topic	Lesson	Lesson Topic	Hours	Learning Activity	Assignment	Value	Target Date	Completion Date
<b>Module 2 – 12 hours – 6 lessons – 4 learning activities – 1 assignment</b>								
The Income Statement – In the Red or Black?	1	Profit and Loss	2					
	2	Preparing an Income Statement	2	2.1				
	3	Debit and Credit Rules for Income Statement Accounts	2	2.2				
	4	Recording Revenue and Expense Changes in the Accounts	2	2.3				
	5	Preparing an Updated Trial Balance and Income Statement	2	2.4				
	6	Preparing Balance Sheets in Report Form	2		2.1	4		
<b>Module 3 – 12 hours – 3 lessons – 2 learning activities – 1 assignment</b>								
Journals and Ledgers – Keeping Track of It All	1	The General Journal	4	3.1				
	2	The Ledger and Posting Procedures	4	3.2				
	3	Subsidiary Ledgers	4		3.1	10		
<b>Mid-term Exam</b>			3			25		

<b>Module and Lesson Goal Chart—Accounting Principles</b>							
Module Topic	Lesson	Lesson Topic	Hours	Learning Activity	Assignment	Value	Target Date Completion Date
The Worksheet – Sharpen Your Pencil!	1	The Six-Column Worksheet	3	4.1			
	2	Preparing Financial Statements from a Worksheet	2	4.2			
	3	Analyzing Financial Statements	2	4.3			
	4	Closing the Ledger	2	4.4			
	5	Posting the Closing Entries to the Ledger	2	4.5			
	6	Preparing a Post-Closing Trial Balance	2		4.1	5	
<b>Module 4 – 13 hours – 6 lessons – 5 learning activities – 1 assignment</b>							

## Module and Lesson Goal Chart—Accounting Principles

Module Topic	Lesson	Lesson Topic	Hours	Learning Activity	Assignment	Value	Target Date	Completion Date
<b>Module 5 – 15 hours – 6 lessons – 6 learning activities – 1 assignment</b>								
Cash Control – Who's Got the Money?	1	Control of Cash Receipts	2	5.1				
	2	Sales and Goods and Services Tax	2	5.2				
	3	Multicolumn Journal	3	5.3				
	4	Petty Cash	2	5.4				
	5	Banking at Financial Institutions	3	5.5				
	6	Bank Reconciliation	3	5.6	5.1	6		
<b>Module 6 – 6 hours – 2 lessons – 1 learning activity – 1 assignment</b>								
Merchandising Business	1	Merchandising Business Income Statement	3	6.1				
	2	Cost of Goods Sold	3		6.1	5		

<b>Module and Lesson Goal Chart—Accounting Principles</b>							
Module Topic	Lesson	Lesson Topic	Hours	Learning Activity	Assignment	Value	Target Date
<b>Module 7 – 16 hours – 5 lessons – 5 learning activities – 1 assignment</b>							
Payroll – A Dollar Earned	1	Introduction to Payroll	3	7.1			
	2	Paying Employees	3	7.2			
	3	Payroll Deductions	3	7.3			
	4	Payroll Register	4	7.4			
	5	Payroll Liabilities and Expenses	3	7.5	7.1	8	
<b>Module 8 – 12 hours – 4 lessons – 2 learning activities – 1 assignment</b>							
Income Tax – Your Fair Share	1	Personal Income Tax	3	8.1			
	2	Federal and Provincial/Territorial Tax Rates	3	8.2			
	3	Preparing a Personal Income Tax Return – Profile 1	3		8.1	5	
	4	Preparing a Personal Income Tax Return – Profile 2	3				
<b>Final Exam</b>			<b>3</b>			<b>25</b>	<b>(June 1 if needed for graduation)</b>

## Summary of Grade 11 Accounting Principles

	Hours	Lessons	Learning Activities	Assignments	Value
Module 1	18	10	8	2 (1.1 & 1.2)	4 + 3
Module 2	12	6	4	1 (2.1)	4
Module 3	12	3	2	1 (3.1)	10
Midterm Exam	3				25
Module 4	13	6	5	1 (4.1)	5
Module 5	15	6	6	1 (5.1)	6
Module 6	6	2	1	1 (6.1)	5
Module 7	16	5	5	1 (7.1)	8
Module 8	12	4	2	1 (8.1)	5
Final Exam	3				25
<b>Totals</b>	<b>110</b>	<b>42</b>	<b>33</b>	<b>9</b>	<b>100%</b>

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## NOTES

## LESSON 2: THE ACCOUNTING EQUATION

### Introduction



This lesson describes the relationship of assets, liabilities, and owner's equity to the fundamental **accounting equation**. This equation forms the basis of all your further study of accounting.

There are several websites listed in this lesson and throughout the course that provide more information on the lesson topics. Be sure to take time to go to these Internet sites to learn more about the lesson topics.

### Outcomes

#### By the end of this lesson, you should be able to

- understand the need for and purpose of the accounting equation
- classify assets, liabilities, and owner's equity for business
- calculate total assets, total liabilities, and owner's equity
- calculate the third missing element of the equation when two elements are given

### The Accounting Equation

Accounting systems and financial records are methods of measuring business performance and keeping track of personal finances.

$$\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$$



Enter the following address in your Internet browser to access a website for more information about the accounting equation. Click on the accounting equation link on this website: [www.middlecity.com/ch02.shtml](http://www.middlecity.com/ch02.shtml)

## Assets

Anything of value owned by a business or an individual is considered an **asset**. Assets include:

- Cash – currency and cheques (from customers or others) on hand plus the total of all money deposited in the bank
- Accounts receivable\*
- Office supplies
- Value of land and buildings owned by the business – not rented
- Office furniture
- Office equipment



Assets are recorded and maintained at their cost price – that is, at the price paid for them. This is part of what is referred to as the **cost principle**.

## Liabilities

The sum of all money owed to others is considered a **liability**. Liabilities include the following:

- Bank loans
- Accounts payable\*\*
- Mortgages on land and building

## Owner's Equity

Owner's equity is the dollar amount recorded in the Capital account of the net or actual investment into the company by the owner. This gives the owner claim on the assets. It is also called **capital** or **net worth**.

The following is an example of owner's equity: You purchase a house for \$60,000, paying \$10,000 cash towards the purchase. You borrow the remaining amount and have a mortgage or debt of \$50,000. The actual amount you own is \$10,000. The bank owns the other \$50,000 for now. Your owner's equity is \$10,000. This will change over time as you pay money towards your mortgage and reduce the amount you owe the bank. Owner's equity will increase because you will own more of the house and eventually (hopefully) you will own all of it.

\* An Account Receivable does not represent actual cash on hand, but rather represents an amount owed to the business by a customer. This amount is expected to be collected within a reasonably short time from the customer. Therefore, "accounts receivables" are considered assets and contribute to the total of the owner's equity.

\*\* Accounts Payable represents amounts owed to other businesses or individuals (creditors) by our business. This is **our debt** or the debt of the business. Keep in mind that we, the business, owe this money for things we have purchased on account. The purchases could include anything such as assets, expenses, services, merchandise, etc.

What a business **owns** = Assets  
 What a business **owes** = Liabilities  
 Net Worth of the Business = Owner's Equity

$\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$
--

**Example: Penny Forest**

**Assets** (what she owns, even if not completely paid)

Cash on hand and in bank	\$12,000
House and Lot	156,000
Furniture	39,000
Car	<u>27,000</u>
<b>Total Assets</b>	<b>\$234,000</b>

**Liabilities** (what she owes)

Accounts Payable, Leon's	\$12,750
Accounts Payable, Visa	6,375
Mortgage on House	112,000
Balance of Bank Loan for Car	<u>15,000</u>
<b>Total Liabilities</b>	<b>\$146,125</b>

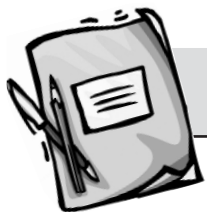
Assets	=	Liabilities	+	Penny Forest's Equity
\$234,000	=	\$146,125	+	<b>equity</b>
\$234,000	=	\$146,125	+	<b>\$87,875</b>

**Accounts Receivable** are assets since they represent amounts that are soon expected to be collected as cash from **debtors**.

**Accounts Payable** are accounts to be paid by the individual or business to a **creditor**. They are claims against the assets and reduce the owner's equity (net worth or capital). These are the debts that the business has incurred.



Enter the following address in your Internet browser for a website on a glossary for accounting terms. Print the glossary for a handy reference:  
[www.accountz.com/glossary.html](http://www.accountz.com/glossary.html)



## Learning Activity 1.2

It is important to complete all the questions in each learning activity to give you the needed practice to become competent and confident in gaining employable skills. Exam questions are based on learning activity questions and procedures, so be sure to complete each question carefully. This will help you to retain the information.



Make sure that you contact your tutor/marker if you have any questions. Remember, you **do not email learning activities to your tutor/marker**.

Now that you have read the lesson and have learned about the accounting equation, you will have the opportunity to work with the accounting equation in this learning activity.



It is a good idea to organize your files by creating an assignment folder and naming each file as indicated, in a systematic format. You may wish to create a folder for each module within the assignment folder.

1. Create a new Word file to answer questions a, b, and c. Save the file as **Mod1Les2Ques1.doc**
  - a. What is an asset?
  - b. What is a liability?
  - c. Explain the Cost Principle.
  - d. What is a debtor?
  - e. What is a creditor?

*Continued*

## Learning Activity 1.2 (Continued)

2. Create a new Excel spreadsheet to complete the following questions. Save the file as **Mod1Les2Ques1.xls**. Create the tables as shown and fill in the blanks.
- a. Find the missing amount.

Example		Assets	=	Liabilities	+	Owner's Equity
A		11,000		1,500		?
B		400		150		?
C		5,000		?		1,260
D		?		15,201		12,530
E		18,000		?		6,450
F		45,650		?		10,520
G		600,450		405,320		?
H		?		52,048		6,234
I		?		2,852		0
J		4,125		?		2,526
K		8,526		5,236		?

*Continued*

## Learning Activity 1.2 (Continued)

b. Classify each item by the letter code.

A = Asset	L = Liability	OE = Owner's Equity
Example:	Cash on hand	A
1	Sharon Gold's investment	
2	Cash in Bank	
3	Bank Loan Payable	
4	Truck	
5	Camera Equipment	
6	Market Photo Equip (a creditor)	
7	Mary Scott (a client) owes us money	
8	Accounts Receivable	
9	Office Equipment	
10	Darkroom Supplies	
11	Building	
12	Mortgage Payable	
13	Photo Supplies	
14	Furniture	

### End-of-Lesson Checklist

- Now that you have completed the questions in this lesson, use the Module 1 Learning Activity Answer Key to ensure that your answers are correct. It is found at the end of Module 1.
- Return to the Module and Lesson Goal Chart and fill in the actual date of completion. Did you meet your goal for completion of Lesson 2?
- Send an email to your tutor/marker and outline your goal schedule.