

# Table of Contents

<i>Preface</i>	<i>vi</i>		
<b>CHAPTER 1</b>		<b>CHAPTER 3</b>	
<b>Evaluating Transactions</b>	<b>1</b>	<b>Journal Entries &amp; T-Accounts</b>	<b>51</b>
Using the Accounting Equation	3	Using Debits & Credits	53
Using Account Names and Descriptions	5	Using T-Accounts	57
Evaluating a Transaction	7	Using General & Special Journals	63
Recording Transactions	10	Using General & Subsidiary Ledgers	66
Concepts Review	16	Concepts Review	70
Putting It Together	16	Putting It Together	70
Knowledge Check A	22	Knowledge Check A	77
Knowledge Check B	25	Knowledge Check B	81
<b>CHAPTER 2</b>		<b>CHAPTER 4</b>	
<b>The Accounting Cycle</b>	<b>31</b>	<b>Adjusting Entries</b>	<b>87</b>
Analyzing Business Transactions	33	Creating a Trial Balance	89
Recording Journal Entries	34	Adjusting Entries	91
Generally Accepted Accounting Principles	35	Deferred Expenses	91
Posting Journal Entries	36	Deferred Revenues	92
Preparing the Unadjusted Trial Balance	38	Accrued Expenses	93
Adjusting Journal Entries	39	Accrued Revenues	93
Preparing Financial Statements	41	Working with Depreciation	95
Closing Journal Entries	43	Straight-Line Depreciation	95
Concepts Review	45	Double-Declining Balance Depreciation	95
Putting It Together	45	Recording the Depreciation Adjusting Entry	98
Knowledge Check A	46	Preparing the Adjusted Trial Balance	99
Knowledge Check B	48	Concepts Review	101
		Putting It Together	102
		Knowledge Check A	106
		Knowledge Check B	110

**CHAPTER 5****Financial Statements & Closing Entries** **117**

Preparing an Income Statement	119
Preparing the Statement of Owner's Equity	121
Preparing the Balance Sheet	122
Setting Up the Statement of Cash Flows	124
Closing the Entries	126
Completing the Post-Closing Trial Balance	129
Concepts Review	131
Putting It Together	132
Knowledge Check A	136
Knowledge Check B	139

**CHAPTER 6****Computerized Systems, Cash, & Payroll** **143**

Safeguarding Cash	145
Using Internal Controls	145
Recording Petty Cash	147
Preparing a Bank Reconciliation	149
Evaluating a Reconciling Item	149
Reconciling Journal Entries	152
Determining Payroll Calculations and Journal Entries	153
Calculating Employee Withholdings	153
Calculating Employer Payroll Taxes	154
Utilizing Computerized Accounting Systems	156
Concepts Review	158
Putting It Together	158
Knowledge Check A	160
Knowledge Check B	164

**CHAPTER 7****Financial Statement Analysis** **167**

Completing a Horizontal Analysis	169
Completing a Vertical Analysis	172
Preparing Common-Size Financial Statements	173
Calculating Liquidity Ratios	176
The Current Ratio	176
The Quick Ratio	176
Calculating Solvency Ratios	178
Calculating Profitability Ratios	180
Concepts Review	183
Putting It Together	183
Knowledge Check A	189
Knowledge Check B	192

**CHAPTER 8****Comprehensive Exercise** **197**

First Month of Operations	199
<i>Glossary</i>	201
<i>Index</i>	205