

12 Minute Lesson:

# **Accounting 11**

**Mr. McGregor**



- How are we going to survive in Brazil?
  - Language?
  - Need to learn Portuguese

# Accounting 11:



- How are we going to survive in Sweden?
  - Language?
  - Need to learn Swedish

# Accounting 11:

- How are you going to survive Accounting 11?
  - Need to learn the language of Accounting
  - What is the language?

Debit

Accounts Receivable

Ledgers

Owner's Equity

Creditors

Cash flow

Asset

Credit

Income Statement

T Accounts

Liability

Balance Sheet

Accounts Payable

# Accounting 11:



Valued at \$3.3 billion



Revenue \$502 million



Debt ratio 2%



Valued at \$342 million  
Debt ratio 29%



Net income \$250 million

## Accounting 11:

The Coca-Cola logo is written in its iconic red, cursive script.

\$9.4 billion in cash



\$344 million in  
revenue



\$68 billion in current  
assets



\$4 billion net income

# Accounting 11:

- **What is an asset?**
  - Anything owned by an individual or business that has a dollar value
    - Example?
- **What is a liability?**
  - Debts owed to other people, businesses, or lenders
    - Example?
- **What is owner's equity/net worth?**
  - Owner's equity is the difference between assets and liabilities as well as the owner's final claim on assets

# Accounting 11:

- Question 1
  - What is my net worth?

<u>Assets</u>		<u>Liabilities</u>	
Cash	\$5,000	Car Loan	\$10,000
Car	\$10,000	Credit Card	\$1,000
Hockey Cards	\$1,000		
Total	\$16,000	Total	\$11,000

- $\text{Assets} - \text{Liabilities} = \text{Net worth}$
- Answer = \$5,000



# Accounting 11:

- Question 2
  - What is the Owner's Equity?

<u>Assets</u>		<u>Liabilities</u>	
Cash	\$20,000	Bank Loan	\$20,000
Car	\$10,000	Mortgage	\$80,000
Accounts Receivable	\$8,000	Accounts Payable	\$5,000
Land	\$50,000		
Supplies	\$2,500		
Building	\$100,000		

- Owner's Equity = Assets - Liabilities
- Answer = \$85,500
  - \$190,500(Assets) - \$105,000(Liabilities)

# Accounting 11:

- Question 3
  - The assets, liabilities, and owner's equity for ABC Company are listed below. They are not in order

Cash	\$1,255
Bank Loan	\$8,700
Owner's Capital	\$98,555
Equipment	\$20,000
Accounts Receivable	\$11,000
Land	\$55,000
Building	\$100,000
Mortgage Payable	\$80,000

- 1) List the total assets
- 2) List the total liabilities
- 3) Prove that the capital figure is correct

# Accounting 11:

- Question 3
- Answer

<u>Assets</u>		<u>Liabilities</u>	
Cash	\$1,255	Bank Loan	\$8,700
Accounts Receivable	\$11,000	Mortgage	\$80,000
Land	\$55,000		
Equipment	\$20,000		
Building	\$100,000		
Total	\$187,255	Total	\$88,700

- Owner's Equity = \$98,555

# Accounting 11:

- Question 4
  - The assets, liabilities, and owner's equity for XYZ Company are listed below. They are not in order

Cash	\$4,555
Car	\$8,700
Owner's Capital	?
Equipment	\$6,100
Car Loan	\$5,000
Land	\$90,000
Accounts Payable	\$4,433
Mortgage Payable	\$80,000
Accounts Receivable	\$9,700

# Accounting 11:

- Question 4
- Answer

<u>Assets</u>		<u>Liabilities</u>	
Cash	\$4,555	Mortgage Payable	\$80,000
Car	\$8,700	Accounts Payable	\$4,433
Land	\$90,000	Car Loan	\$5,000
Equipment	\$6,100		
Accounts Receivable	\$9,700		
Total	\$119,055	Total	\$89,433

- Owner's Capital = \$29,622

## Accounting 11:

- Question 5
  - Kevin's Baseball Card store has business assets totalling \$100,000. The business owes \$15,000 to the bank, and another \$5,500 to creditors. What is the amount of Kevin's claim against the assets of the business.

# Accounting 11:

- Exit Slip:
  - What is another term for owner's equity?
  - Your sister owes you \$25.
    - Is it an asset or a liability?
    - What is the name of the account that it falls under