

Bookkeeping

Fundamentals

Table of Contents

TABLE OF CONTENTS.....	1
LESSON 1: GENERAL BOOKKEEPING KNOWLEDGE	3
BUSINESS ORGANIZATION TYPES AND FORMS	3
<i>Forms of Business Ownership</i>	3
<i>Types of Business Structures</i>	8
THE FISCAL YEAR	9
<i>Choosing a Fiscal Year</i>	9
<i>Changing a Fiscal Year</i>	9
PRINCIPAL METHODS OF ACCOUNTING	11
<i>Accrual Method vs Cash Method</i>	11
ACCOUNT TYPES	13
<i>Asset Accounts</i>	13
<i>Liability Accounts</i>	14
<i>Equity Accounts</i>	14
<i>Income Accounts</i>	14
<i>Expense Accounts</i>	15
THE CHART OF ACCOUNTS	17
THE TRIAL BALANCE	22
GENERAL JOURNAL ENTRIES	24
<i>Drafting a General Journal Entry</i>	24
LESSON 2: RECORDING TRANSACTIONS	27
RECORDING EXPENSES	27
<i>Cash Basis Expenses</i>	27
<i>Accounts Payable Transactions</i>	27
<i>Accounts Payable Prepayments & Credits</i>	30
<i>Discounts</i>	30
<i>Credit Card Transactions</i>	30
<i>Donations</i>	31
<i>Filing Expense Documents</i>	32

RECORDING INCOME.....	33
<i>Cash Sales</i>	33
<i>Accounts Receivable Transactions</i>	33
<i>Deposit Transactions</i>	35
<i>Setting Up A/R Accounts for Customers</i>	36
MANUAL BOOKKEEPING OPTIONS	37
INVENTORY	40
TYPES OF INVENTORY TRACKING	40
<i>Perpetual Inventory</i>	40
<i>Periodic Inventory</i>	40
<i>Purchase and Sales Orders</i>	40
<i>Recording Inventory Transactions</i>	42
<i>Markup and Markdowns</i>	44
<i>Inventory Valuation Methods</i>	44
<i>Physical Inventory Counts</i>	45
<i>Shipping and Freight</i>	46
LESSON 3: ACCOUNTING RESPONSIBILITIES	48
GAAP PRINCIPLES	48
RECONCILING ACCOUNTS.....	51
GOODS AND SERVICES TAX	54
<i>Reporting Filing GST/HST Returns</i>	55
<i>Sales Tax Accounts</i>	57
<i>Exemptions and Zero-Rated Expenses</i>	58
FINANCIAL STATEMENTS.....	59
<i>The Income Statement or Profit and Loss Statement</i>	59
<i>The Balance Sheet</i>	61
ANALYZING FINANCIAL STATEMENTS.....	65
<i>Current Ratio</i>	66
<i>Quick Ratio</i>	66
<i>Insolvency vs Bankruptcy</i>	67
ASSETS.....	68
<i>Fixed (Tangible) Assets</i>	68
<i>Intangible Assets</i>	69
<i>Goodwill</i>	69
<i>Trademarks, Patents, Franchises and Licenses</i>	69
<i>Amortization</i>	69
<i>Capital Cost Allowance (CCA)</i>	69
<i>Recording Amortization</i>	72
PAYROLL	73
YEAREND RESPONSIBILITIES.....	73
<i>Year End Preparation</i>	74
<i>Yearend Entries</i>	77
<i>Tax Filing Dates and Deadlines</i>	80