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## Accounting Cheat Sheet

### The Balance Sheet

A balance sheet lists the assets, liabilities, and owner's equity of a business as of a point in time. It is essentially a picture of the overall worth of the business. It uses the following formulas.

**Assets = Liabilities + Owners Equity (Balance Sheet)**

#### Assets

##### Current

Cash

Accounts Receivable

Employee Loans

Inventory

Prepaid Expenses

Mill Credits Due

##### Liabilities

##### Current

Accounts Payable

Current portion of Notes Payable

Payroll Payables

401K Payable

Sales Tax Payable

Customer Deposits

Accrued Expenses

##### Long Term Liabilities

Notes Payable (over 1 year)

##### Fixed

Equipment

Automobiles

Furniture & Fixtures

Leasehold Improvements

##### Contra Fixed Asset Account

Accumulated Depreciation

Stockholder's Equity

Common Stock

Retained Earnings

Distributions

Current Profit/Loss

### **The Profit & Loss Statement**

The profit and loss statement or income statement is a summary of the revenues and expenses along with the net profit or loss of a business for a specific period of time. The net profit or loss is carried over to the equity section of the balance sheet. A profit and loss statement uses the following formulas:

**Revenues - Cost of Sales- Expenses + Other Income = Current Income/Loss (Income Statement)**

(These are all dumped into retained earnings on the balance sheet through the year end close process.)

Income statement is for a period of time.

#### **Revenues**

Sales

Sales Discounts (Contra Account)

Customer Refunds (Contra Account)

Sales Tax Expense (Contra Account)

#### **Cost of Sales**

Cost of Materials

Freight

Subcontract Labor

Sample Cost

Commissions

Other Cost of Sales

#### **Operating Expense**

Salaries

Advertising

Bank Charges

Credit Card Fees

Donations

Dues and Subscriptions

Insurance

Interest Expense

Legal and Accounting

Office Supplies

Payroll Taxes  
Rent  
Repairs and Maintenance  
Warehouse Supplies  
Telephone  
Utilities Other Income  
Earned Discounts  
Interest Income  
Finance Charges  
Other Income Assets- Normal Debit Balance  
Liabilities – Normal Credit Balance  
Owner’s Equity - Normal Credit Balance  
Revenues- Normal Credit Balance  
Cost of Sales - Normal Debit Balance  
Expenses - Normal Debit Balance  
Other Income - Normal Credit Balance

When making a journal entry, in order to increase an account, do the same as its normal balance; in order to decrease an account do the opposite of its normal balance. To increase an asset account, debit it. To decrease an asset account, credit it.

### **The Trial Balance**

The trial balance is a summary listing of the balances of accounts within the general ledger. Also listed are the debit and credit activity for the period for each account. Normally, a trial balance is used for reconciliation