



Business Virtual Learning

Accounting II

April 14, 2020



Lesson: April 14, 2020

Objective/Learning Target:

1. Understand how the accounting cycle is applied in a business.
2. Understand the rules of creating a chart of accounts.
3. Create a chart of accounts for your merchandising business.

Getting Started

1. Open your “Accounting Cycle Project Journal”.
2. Remind yourself of the business you created in the last lesson.



Flashback Question

1. From your experience **what are some of the rules about creating a chart of accounts?**
2. Write this question in your journal **and** then write at least 2 rules you remember.



Watch the [video](#) to check
your answer.



Creating Your Chart of Accounts

As I mentioned in the last lesson in the next few weeks you will go through the accounting cycle with a business YOU create. I will walk you through this process step by step each day.

Today's Goals:

1. Create an authentic chart of accounts for YOUR business.
2. Create this chart of accounts in your journal. You can draw it or use a table within Google Docs or just type it to create this.
3. TIP: Make sure you leave a column for balances for a future lesson.
4. The next few slides will walk you through the process.

Asset Portion of the Chart of Accounts

Use the example to the right and create this portion of your chart of accounts for your merchandising business.

Balance Sheet Accounts		All Things Independent Chart of Accounts	
100	Assets		Inco
	110	Cash	
	115	Petty Cash	
	120	Accounts Receivable- Facilities	
	125	Accounts Receivable-Nutrition Services	
	130	Accounts Receivable-Young Life	
	135	Merchandise Inventory	
	140	Office Supplies	
	145	Store Supplies	
	150	Prepaid Insurance	
	155	Business Equipment	
	156	Accumulated Depreciation-Business Equipment	
	160	Store Equipment	
	161	Accumulated Depreciation-Store Equipment	

Liability & Owner's Equity Portion of the Chart of Accounts

Use the example to the right and create this portion of your chart of accounts for your merchandising business.

200	Liabilities	
	210	Accounts Payable-Franmar
	240	Accounts Payable-S&S Activewear
	245	Accounts Payable-T&J Printing
	260	Salaries Payable
	265	Notes Payable
300	Owner's Equity	
	310	Alta Independence, Capital
	311	Alta Independence, Drawing
	312	Income Summary

Income Portion of the Chart of Accounts

Use the example to the right and create this portion of your chart of accounts for your merchandising business.

All Things Independence			
Chart of Accounts			
Income Statement Accounts			
		400	Income
			410 Sales
			411 Sales Returns & Allowances
			412 Sales Discounts
Services			413 Purchases
ie			414 Purchases Returns & Allowances
			415 Purchases Discounts
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Expense Portion of the Chart of Accounts

Use the example to the right and create this portion of your chart of accounts for your merchandising business.

500 Expenses		
	510	Advertising Expense
	515	Depreciation Expense-Business Equipment
	517	Depreciation Expense-Business Equipment
	520	Insurance Expense
	525	Miscellaneous Expense
	530	Office Supplies Expense
	535	Rent Expense
	540	Store Supplies Expense
600 Other Expense		
	610	Interest Expense

Self Check

- I have the name of my business centered on the chart of accounts.
- I have the title of the document “chart of accounts centered under the title”.
- I have section headings: Balance Sheet & Income Statement
- I have categories numbered correctly as assets (100); liabilities (200); owner’s equity (300); income (400); expense (500); other expense (600)
- I have the accounts in the proper order as discussed in this lesson

All Things Independence
 Chart of Accounts

Balance Sheet Accounts		Income Statement Accounts	
100 Assets		400 Income	
	110 Cash		410 Sales
	115 Petty Cash		411 Sales Returns & Allowances
	120 Accounts Receivable- Facilities		412 Sales Discounts
	125 Accounts Receivable-Nutrition Services		413 Purchases
	130 Accounts Receivable-Young Life		414 Purchases Returns & Allowances
	135 Merchandise Inventory		415 Purchases Discounts
	140 Office Supplies	500 Expenses	
	145 Store Supplies		510 Advertising Expense
	150 Prepaid Insurance		515 Depreciation Expense-Business Equipment
	155 Business Equipment		517 Depreciation Expense-Business Equipment
	156 Accumulated Depreciation-Business Equipment		520 Insurance Expense
	160 Store Equipment		525 Miscellaneous Expense
	161 Accumulated Depreciation-Store Equipment		530 Office Supplies Expense
200 Liabilities			535 Rent Expense
	210 Accounts Payable-Franmar		540 Store Supplies Expense
	240 Accounts Payable-S&S Activewear	600 Other Expense	
	245 Accounts Payable-T&J Printing		610 Interest Expense
	260 Salaries Payable		
	265 Notes Payable		
300 Owner's Equity			
	310 Alta Independence, Capital		
	311 Alta Independence, Drawing		
	312 Income Summary		



Additional Resources

[Accounting Tools-Chart of Accounts](#)

Goals for tomorrow

Tomorrow we will create **opening balances** for accounts for your business so you can continue **step 1 of the accounting cycle**.

I look forward to seeing you tomorrow!