

Basic Accounting Concepts

Review of ACCT 291 and 292

Financial Statements

- Four financial statements
 - Balance sheet—shows the assets, liabilities, and owners' equity of the firm
 - Income statement—shows how profitable the company was during the year
 - Statement of Stockholders' Equity—shows the changes in equity accounts during the year, dividends
 - Statement of Cash Flows—Shows the sources and uses of cash during the year categorized by type, operating, financing, and investing cash flows
- Financial statements are prepared by the company
- Financial statements are audited by CPAs
- <https://www.youtube.com/watch?v=mhmaHayMha8>

Measuring Expenses

- Cost of Goods Sold

- Beginning inventory + purchases – ending inventory = Cost of Goods Sold
- LIFO
- FIFO
- Weighted average cost
- <https://www.youtube.com/watch?v=UGs1EXalrZo>

- Depreciation

- Straight line <https://www.youtube.com/watch?v=HIG15y4Hbc>
- Declining balance <https://www.youtube.com/watch?v=BUJUppN7bNk>
- Units of production <https://www.youtube.com/watch?v=X5to0rd8eXc>

Costs of production

- Job order costing
 - https://www.youtube.com/watch?v=Uw_52M9GLbg
- Unit costs
 - Direct material
 - Direct labor
 - Overhead
 - <https://www.youtube.com/watch?v=Ijk2WCtyKDg>

Measuring Performance

- Budgets
 - Starts with the sales forecast to set up all the numbers in the budget
- Variances
 - <https://www.youtube.com/watch?v=SMTa1lZu7Qw>