

Lecture 14 -

Feb 21 2022

Blockchain and Accounting

News

1. The FBI has a new Crypto Unit!
2. Colorado will now allow you to pay your taxes in Crypto. They will take both Bitcoin and Eth.
3. There is to be a Executive Order on crypto this week.
4. Canada freezes crypto accounts of Truck Demonstrators. How are they are going to actually do this???

Accounting

Blockchain is the "first" technological innovation in accounting in over 500 years.

Accounting - Double Entry

Basics of Double Entry accounting.

From wikipedia.com: "The oldest European record of a complete double-entry system is the Messari (Italian: Treasurer's) accounts of the Republic of Genoa in 1340. The Messari accounts contain debits and credits journalised in a bilateral form, and include balances carried forward from the preceding year, and therefore enjoy general recognition as a double-entry system."

Some indication this may be from Korea around the year 926

When was Zero Invented

From the 13th century, manuals on calculation (adding, multiplying, extracting roots, etc.) became common in Europe where they were called algorismus after the Persian mathematician al-Khwārizmī. The most popular was written by Johannes de Sacrobosco, about 1235 and was one of the earliest scientific books to be printed in 1488. Until the late 15th century, Hindu–Arabic numerals seem to have predominated among mathematicians, while merchants preferred to use the Roman numerals. In the 16th century, they became commonly used in Europe.

Where were negative numbers invented.

Western mathematicians accepted the idea of negative numbers by the 17th century. Prior to the concept of negative numbers, mathematicians such as Diophantus considered negative solutions to problems "false" and equations requiring negative solutions were described as absurd.

Debits and Credos

Debits	Credits
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Assets	Liabilities
Draw	Equity
Expense	Revenue

Debits side equals Credits side.

Example

1. A Loan from the SBA for \$50,000.00. Asset+Liabilities.

Debits	Credits
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Assets	Liabilities
Cash:50000	Loan:50000

2. Rent for \$1000. An Expense.

Debits	Credits
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Expense	
Rent:1000	Cash:1000

3. CNC Milling Machine for \$4000. An Asset.

Debits	Credits
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Asset	
CNC:4000	Cash:4000

4. Money to owner of business \$500. A "draw".

Debits	Credits
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Draw	
Owner:500	Cash:500

5. Services \$12,000.00.

Debits	Credits
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Assets	
Cash:12000	Service:12,000

6. Intangible Assets - fair value. There is nothing micky-mouse about micky-mouse.

Cooking the books

1. Suspense Account, 10% kickback.
2. Paul Manafort (Counts #4, #5 - convicted).
3. Overtime Hours, 10 laborers with overtime billed to company.
4. Labor Theft, \$33 billion in labor theft a year.
5. Plugging in values (URS Griner Woodward Clyde), \$5,000,000.00.
6. Cash and my Auto Mechanic / Airplane Mechanic / Boat Mechanic. Tax Evasion.