

The background features a dark, moody image of a hand holding a laptop. A large, vibrant pink circle is positioned behind the text. In the top right corner, there is a faint, light gray icon of a gear with circuit lines extending from it. The overall aesthetic is modern and tech-oriented.

COMPLETING THE ACCOUNTING CYCLE

P R E P A R E D B Y : L U I S M E I N G

OBJECTIVES:

01

Income Statement

02

Balance Sheet

03

Creating the Statements



Income Statement



- focuses on the revenue and expenses reported during a period
- Also known as the Profit and Loss (P&L) statement



ABC Co.
Worksheet
As of Dec. 4, 2023

Accounts	UTB		Adjustments		ATB	
	dr	cr	dr	cr	dr	cr
Accumulated Dep		5,000,000.00		100,000.00		5,100,000.00
Building	7,000,000.00				7,000,000.00	
Cash	5,120,000.00				5,120,000.00	
Invty	1,000,000.00				1,000,000.00	
Land	2,000,000.00				2,000,000.00	
Office Eqpt	1,500,000.00				1,500,000.00	
Prepaid Ins	250,000.00			50,000.00	200,000.00	
Salaries Payable				1,000.00		1,000.00
Common Stock		11,149,000.00				11,149,000.00
Sales		5,000,000.00				5,000,000.00
COGS	4,000,000.00				4,000,000.00	
Salaries Exp	29,000.00		1,000.00		30,000.00	
Ins Exp	250,000.00		50,000.00		300,000.00	
Total UTB	21,149,000.00	21,149,000.00				
Dep Exp			100,000.00		100,000.00	
Total Adj			151,000.00	151,000.00		
Total ATB					21,250,000.00	21,250,000.00

ABC Co.
Worksheet
As of Dec. 4, 2023

Accounts	ATB	
	dr	cr
Accumulated Dep		5,100,000.00
Building	7,000,000.00	
Cash	5,120,000.00	
Invty	1,000,000.00	
Land	2,000,000.00	
Office Eqpt	1,500,000.00	
Prepaid Ins	200,000.00	
Salaries Payable		1,000.00
Common Stock		11,149,000.00
Sales		5,000,000.00
COGS	4,000,000.00	
Salaries Exp	30,000.00	
Ins Exp	300,000.00	
Total UTB		
Dep Exp	100,000.00	
Total Adj		
Total ATB	21,250,000.00	21,250,000.00

Income Statement



- Add all revenues then deduct every expense



1.1 Income Statement

ABC Co.
Worksheet
As of Dec. 4, 2023

Accounts	ATB		Income Statement	
	dr	cr	dr	cr
Accumulated Dep		5,100,000.00		
Building	7,000,000.00			
Cash	5,120,000.00			
Invty	1,000,000.00			
Land	2,000,000.00			
Office Eqpt	1,500,000.00			
Prepaid Ins	200,000.00			
Salaries Payable		1,000.00		
Common Stock		11,149,000.00		
Sales		5,000,000.00		5,000,000.00
COGS	4,000,000.00		4,000,000.00	
Salaries Exp	30,000.00		30,000.00	
Ins Exp	300,000.00		300,000.00	
Total UTB				
Dep Exp	100,000.00		100,000.00	
Total Adj				
Total ATB	21,250,000.00	21,250,000.00		
Total			4,430,000.00	5,000,000.00
Net Income			570,000.00	

Balance Sheet



- reports a company's assets, liabilities, and shareholder equity at a specific point in time
- Also known as the Statement of Financial Position



ABC Co.
Worksheet
As of Dec. 4, 2023

Accounts	ATB	
	dr	cr
Accumulated Dep		5,100,000.00
Building	7,000,000.00	
Cash	5,120,000.00	
Invty	1,000,000.00	
Land	2,000,000.00	
Office Eqpt	1,500,000.00	
Prepaid Ins	200,000.00	
Salaries Payable		1,000.00
Common Stock		11,149,000.00
Sales		5,000,000.00
COGS	4,000,000.00	
Salaries Exp	30,000.00	
Ins Exp	300,000.00	
Total UTB		
Dep Exp	100,000.00	
Total Adj		
Total ATB	21,250,000.00	21,250,000.00





Balance Sheet

- You are going to check the accounting equation

$$\text{Assets} = \text{Liabilities} + \text{Shareholders' Equity}$$



ABC Co.
Worksheet
As of Dec. 4, 2023

Accounts	ATB		Income Statement		Balance Sheet	
	dr	cr	dr	cr	dr	cr
Accumulated Dep		5,100,000.00				5,100,000.00
Building	7,000,000.00				7,000,000.00	
Cash	5,120,000.00				5,120,000.00	
Invty	1,000,000.00				1,000,000.00	
Land	2,000,000.00				2,000,000.00	
Office Eqpt	1,500,000.00				1,500,000.00	
Prepaid Ins	200,000.00				200,000.00	
Salaries Payable		1,000.00				1,000.00
Common Stock		11,149,000.00				11,149,000.00
Sales		5,000,000.00		5,000,000.00		
COGS	4,000,000.00		4,000,000.00			
Salaries Exp	30,000.00		30,000.00			
Ins Exp	300,000.00		300,000.00			
Total UTB						
Dep Exp	100,000.00		100,000.00			
Total Adj						
Total ATB	21,250,000.00	21,250,000.00				
Total			4,430,000.00	5,000,000.00	16,820,000.00	16,250,000.00
Net Income			570,000.00			570,000.00
Balance Sheet					16,820,000.00	16,820,000.00

3.1 Creating the Statements

Income Statement

1. Choose Your Reporting Period
2. Calculate Total Revenue
3. Calculate Cost of Goods Sold (COGS)
4. Calculate Gross Profit
5. Calculate Operating Expenses
6. Calculate Income
7. Calculate Interest and Taxes
8. Calculate Net Income



3.1 Income Statement

ABC Co. Income Statement

For the period ended Dec. 4, 2023

Net Sales	₱ 5,000,000.00
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COGS	4,000,000.00
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Gross Profit	1,000,000.00
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Salaries Exp	30,000.00
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Ins Exp	300,000.00
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Dep Exp	100,000.00
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Total Operating Expense	430,000.00
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Net Income	₱ 570,000.00
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Balance Sheet

1. Determine the Reporting Date and Period
2. Identify Your Assets
3. Identify Your Liabilities
4. Calculate Shareholders' Equity
5. Add Total Liabilities to Total Shareholders' Equity and Compare to Assets



ABC Co.
Balance Sheet
As of Dec. 4, 2023

Asset**Current Assets**

Cash	₱ 5,120,000.00
Invty	₱ 1,000,000.00
Prepaid Ins	₱ 200,000.00

Total current assets**Non-current Assets**

Building	₱ 7,000,000.00
Accumulated Dep	-₱ 5,100,000.00
Land	₱ 2,000,000.00
Office Eqpt	₱ 1,500,000.00

Total Non-current Assets**Total Assets****Liabilities**

Salaries Payable

₱ 1,000.00

Total Liabilities

₱ 1,000.00

Owner's Equity

Common Stock

₱ 11,149,000.00

Retained Earning

₱ 570,000.00

Total Owner's Equity

₱ 11,719,000.00

Total Liabilities and Equity

₱ 11,720,000.00