4.01 Understanding Finance Activities Notes

Name: Period: Date:

1. What is accounting?
	1. insert definition
	2. Financial transactions recorded in an orderly fashion
2. Accounting Equation
	1. insert definition
3. Assets
	1. Anything of value b the business
		1. insert example
		2.
		3.
		4.
		5. ![C:\Users\nnelso01\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.IE5\2YEKHRDV\MC900198290[1].wmf]()
		6.
4. Liabilities
	1. Money owed by the business
		1. Insert example
		2.
		3.
		4.
		5.
5. Financial Statements
	1. insert definition
		1. Balance Sheet
			1. Reports assets, liabilities, and owner’s equity on a certain date
				1. Assets

insert definition

* + - * 1. Liabilities

insert definition

* + - * 1. Owner’s Equity

insert definition

* + 1. Income Statements
			1. insert definition
				1. Revenue

insert definition

* + - * 1. Expenses

insert definition

* + - * 1. Income/Profit

When INCOME is greater than EXPENSES

* + - * 1. Loss

When EXPENSES are greater than income

* + - * 1. Fiscal Period

insert definition

* + 1. Statements of Change in Owner’s Equity
			1. Financial statement of a business that reports the **changes**  that have occurred in the owners’ equity account during the fiscal period