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


      5. C:\Users\nnelso01\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.IE5\2YEKHRDV\MC900198290[1].wmf
4. Liabilities
   1. Money owed by the business
      1. Insert example
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