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| Name: Class: Period: Date: Topic: 1-2: Changes that Affect the Accounting Equation |
| Questions/Main Ideas: | Notes |
|  | 1. A \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is a business activity that changes assets, liabilities, or owner’s equity.
2. Every transaction affects the accounting equation.
3. For example, when you buy a bottle of pop, you must decrease you assets (cash) and then increase your supply of pop (asset).
4. An \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is a record summarizing all information pertaining to a single item in the accounting equation
5. An \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_is the name given to an account.
6. For example, your asset account title, *cash*, decreased when you purchased your bottle of pop, while your other asset account title, *beverages*, increased
7. The words “received cash” represents an \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in cash
8. The words “paid cash” represents a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in cash.

**ASSETS**:1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_: The account used to summarize the amount of money a business has available.
2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(paper, ink, folders, etc.)
3. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_: Prepaid insurance coverage (premiums)

**LIABILITIES**:1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_: Items purchased now but *paid for at a later date* – referred to as *on account*.

**OWNER’S EQUITY**1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_: Summarizes all Owner’s Equity transactions
2. Three steps to reading a transaction:

1.2.3. |
| Summary: |



