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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: | |



