Accounting Basics

(Flashcards: Double-sided)

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Instructions

The following flashcards are intended for double-sided or duplex printing. Each term and definition is numbered in the lower, right-hand corner of the card. When printed correctly, Definition “A1” will appear on the back of Term “A1.”

If your printer has a special “duplex” option, you can use it to automatically print this double-sided PDF.

For manual double-sided printing

Step 1. Print the “odd-numbered” pages starting with page 3. For example: 3, 5, 7, etc.

Step 2. Remove the printed pages from Step 1 and place them back into the paper tray (blank side down/ printed side up for most printers).

Step 3. Print the even-numbered pages starting with page 4. For example: 4, 6, 8, etc.

Step 4. After printing each batch of cards, make sure that all card numbers correspond. When printed correctly, Definition “A1” will appear on the back of Term “A1.”

Note: Your printer may require you to print the even-numbered pages in reverse order. Be sure to check your printer’s instructions if you have any difficulties.

Definitions will appear up-side-down when compared to their matching terms. This is intended to make “flipping” the cards easier.

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cash method of accounting

(or)

cash basis of accounting

A1

accrual method of accounting

(or)

accrual basis of accounting

A2

depreciation

A3

land

A4

balance sheet

(or)

statement of financial position

A5

income statement

(or)

statement of earnings

(or)

statement of operations

A6

cost principle

(or)

historical cost principle

A7

revenues

A8

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This basic underlying principle requires a transaction to be recorded at its cash value at the time of the transaction. It also prevents reporting the increases in the market value of property.

A7

Under the accrual method, these are reported on the income statement when they are *earned*. Sales and fees earned are examples.

A8

This financial statement reports a company's financial position as of a moment of time. It reports the assets, liabilities and stockholders' (or owner's) equity.

A5

This financial statement reports a corporation's *profitability* for a specified period of time. It reports revenues, expenses, gains, losses, and the resulting net income. Also referred to as the P&L.

A6

This is the allocation of a plant asset's cost to expense over the asset's useful life. The purpose is to match the asset's cost to the years that benefit from its use.

A3

This asset is part of *property, plant and equipment* but it is not depreciated.

A4

This method reports revenues when *cash is received* (as opposed to when the revenues are earned) and reports expenses when they are *paid* (as opposed to when they occur).

A1

This method reports revenues when they are *earned* (as opposed to when the cash is received) and reports expenses when they *occur* (as opposed to when they are paid).

A2

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expenses A9	**assets** A10
liabilities A11	**stockholders' equity** (or) **shareholders' equity** A12
accounting equation (or) **bookkeeping equation** A13	**debit** A14
credit A15	**double-entry accounting** (or) **double-entry bookkeeping** A16

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Under the accrual method, these costs are reported on the income statement when they have been used up in the process of earning revenues.

A9

These are a company's resources that have future economic value which can be measured in the company's currency. Prepaid expenses are one of these.

A10

These are the obligations of a company and are one of the main elements of the balance sheet and accounting equation. Deferred revenues are one of these.

A11

The total amount for this section of a corporation's balance sheet is the amount of assets minus liabilities. It reports the corporation's paid-in capital, retained earnings, and any deduction for treasury stock. It is also the total amount of the corporation's book value.

A12

This algebraic expression is *assets = liabilities + owner's (or stockholders') equity*. It should remain in balance under the double-entry system.

A13

This term indicates the left side of a general ledger account. It is also the normal balance for asset, expense, and loss accounts.

A14

This term indicates the right side of a general ledger account. It is also the normal balance for liability, stockholders' equity, revenue, and gain accounts.

A15

Under this system every transaction will result in an amount recorded in at least two general ledger accounts. It also requires that the amounts recorded as debits must be equal to the amounts recorded as credits.

A16

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chart of accounts

A17

cash flow statement

(or)

statement of cash flows

A18

earnings per share

(or)

EPS

A19

book value

(or)

carrying value

A20

current assets

A21

gross profit

(or)

gross margin

A22

notes to the financial statements

A23

SG&A

(or)

selling, general and administrative

A24

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This listing of the general ledger accounts does not include the account balances or other amounts.

A17

This financial statement reports the major changes in a corporation's cash and cash equivalents. Amounts are grouped according to operating, investing, and financing activities.

A18

This amount is required to appear on the income statement of a publicly traded corporation. It uses the weighted average number of shares of common stock outstanding.

A19

This amount is an asset's cost minus its accumulated depreciation. It is also the face value of bonds minus its unamortized discount (or plus its unamortized premium). It is also the amount of a corporation's stockholders' equity.

A20

This is defined as a company's cash and other resources that are expected to turn to cash within one year of the balance sheet date (or within the operating cycle if the operating cycle is longer than one year).

A21

This is the remainder after subtracting the *cost of goods sold* from *net sales*.

A22

These are an integral part of the financial statements and are required by the full disclosure principle. They include the company's significant accounting policies.

A23

These are a company's operating expenses other than the cost of goods sold. They are also period costs (as opposed to product costs).

A24

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matching principle

A25

inventory

A26

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A

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A25

This basic underlying accounting principle requires that some expenses and liabilities be accrued or deferred.

A26

This current asset is the cost of a merchant's or manufacturer's goods held for sale.

A

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