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. Take the printed pages from Step 1 and place them back into the paper tray (printed side up/blank side down 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.
cash method of accounting  
(or)  
cash basis of accounting

accrual method of accounting  
(or)  
accrual basis of accounting

depreciation

land

balance sheet  
(or)  
statement of financial position

income statement  
(or)  
statement of earnings  
(or)  
statement of operations

cost principle  
(or)  
historical cost principle

revenues
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.

Under the accrual method, these are reported on the income statement when they are earned. Sales and fees earned are examples. This method reports revenues when they are earned (as opposed to when cash is received) and reports expenses when they are paid (as opposed to when they occur).

This financial statement reports a company'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.

This financial statement reports a corporation's financial position as of a moment in time. It reports assets, liabilities, and stockholders' (or owners') equity. This is the allocation of a plant asset's cost to expense over the asset's useful life. The purpose is to match the expense to the years that benefit from the asset's use.
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.

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.

This algebraic expression is

\[ \text{assets} = \text{liabilities} + \text{owner's (or stockholders') equity} \]

It should remain in balance under the double-entry system.

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.

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

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

For asset, expense, and loss accounts, the normal balance of a general ledger account is also the left side of a section of a corporation’s balance sheet. It is reported as a deduction from the stockholders’ equity balance (or owners’ equity). Deferred revenues are one of these.

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

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.

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

Deferred revenues are one of these. Under the double-entry system, these revenues are reported on the balance sheet and earnings of the balance sheet and earnings of the corporation and are one of the main elements of the accounting equation. Deferred revenues are one of these.
chart of accounts

earnings per share
(or)
EPS

current assets

notes to the financial statements

cash flow statement
(or)
statement of cash flows

book value
(or)
carrying value

gross profit
(or)
gross margin

SG&A
(or)
selling, general and administrative
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.

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

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).

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.

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

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

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

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.

The operating cycle is the time it takes for a company to turn its cash into cash from one year of operations and other resources that are expected to be used or exchanged.

These are a company’s operating activities.

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

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This basic underlying accounting principle requires that some expenses and liabilities be accrued or deferred. This current asset is the cost of a merchant's or manufacturer's goods held for sale.