**Chapter 1**

Define the following terms:

* Accounting
* Accounting system
* Accounting records
* Financial statements
* Service business
* Proprietorship
* Asset
* Equities
* Liability
* Accounting Equation
* Owners equity
* Ethics
* Business ethics
* Transaction
* Account
* Account title
* Account balance
* Capital
* Revenue
* Sale on account
* Expense
* Withdrawals

Assets=liabilities +owners equity

Work Together 1-1

11,000=3,000+8,000

10,000=x+6,000

63,000=25,000+x

X=4,000

Complete on your own 1-1

\*The accounting equation will be used throughout the study of accounting.

Practice on your own- on a separate sheet of paper without your book

Define: Asset, liability, and owners equity

1-2 Business activities change accounting equation

T-Chart

Complete work together (with class)

Complete on your own 1-2

1-3 How transactions change owner’s equity in an accounting equation

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* This lesson continues to use the accounting equation to analyze transactions.
* Owners equity is discussed
* Define Transaction in your own words
* Received cash always means that cash increases
* Revenue (sales) transactions increase owner’s equity.
* Sold on account in a transaction statement always means that accounts receivable increases.
* Revenue is recorded at the time of sale, regardless of whether the cash is received at that time or is to be received in the future.
* An equation must always have equal amounts on each side.