
Vocab Ch. 1

Planning, recording,
analyzing &
interpreting financial
information

accounting

A planned process for
providing financial
information that will be
useful to management

accounting system

Organized summaries
of a business's
financial activities

accounting records

A business that
performs an activity
for a fee

service business

A business owned by
one person

proprietorship

Anything of value that
is owned by one
person

asset

Financial rights to the
assets of a business

equities

An amount owed by a
business

liability

The amount remaining
after the value of all
liabilities is subtracted
from the value of all
assets

owner's equity

An equation showing the relationship among assets, liabilities & owner's equity

accounting equation

A business activity that
changes assets,
liabilities or owner's
equity

transaction

A record summarizing all
the information
pertaining to a single
item in the accounting
equation

account

The name given to an
account

account title

The amount in an account

account balance

The account used to summarize the owner's equity in a business

capital

A financial statement
that reports assets,
liabilities & owner's
equity on a specific date

balance sheet
