

Bodies	
AICPA	American Institute of Certified Public Accountants
APB	Accounting Principles Board
CAP	Committee on Accounting Procedure
EITF	Emerging Issues Task Force
FAF	Financial accounting foundation To select members of the FASB and their Advisory Councils, fund their activities, and exercise general oversight.
FASAC	Financial Accounting Standards Advisory Council To consult on major policy issues, technical issues, project priorities, and selection and organization of task forces.
FASB	Financial Accounting Standards Board To establish and improve standards of financial accounting and reporting for the guidance and education of the public, including issuers, auditors, and users of financial information.
IASB	International Accounting Standards Board
PCAOB	Public Company Accounting Oversight Board
SEC	Securities and Exchange Commission requires public companies to adhere to GAAP

Common Acronyms	
Codification (aka ASC)	Financial Accounting Standards Board Accounting Standards Codification
ASC	Accounting Standards Codification
CRS	Financial Accounting Standards Board Accounting Standards Codification Research System
GAAP	Generally Accepted Accounting Principles

financial statements	
Big 4	
Balance Sheet	
Income Statement	
Basic components	+ Revenues
	- Expenses
	= Net income
Statement of Cash Flows	
	● Operating activities
	● Investing activities
	● Financing activities
	Net increase or decrease
	Beginning Cash Balance
	Ending Cash Balance
Statement of Stockholders' Equity	
	Balance at the beginning of the period
	Additions
	Deductions
	Balance at the end of the period

financial statements (cont)	
General Ledger	list of all accounts
Subsidiary Ledger	has the details related to a given general ledger account
General Journal	a chronological record of all JE's
Trial Balance	a list of accounts and their balances at a given time
Adjusted Trial Balance	used to prepare the Income Statement, Retained earnings statement, and the balance sheet
Closing Entries	Transfers all income statement accounts to Retained Earnings via the Income Summary account
	Balance sheet accounts (asset, liability and equity) are permanent and are not closed
	Dividends are closed directly to the Retained Earnings
Comprehensive income ? other comprehensive income?	
Account types	
DEA/LOR	
DEBIT / CREDIT	
DEA:	Dividends, Expenses, and Assets
LOR:	Liabilities, (owners') Equity, and Revenue
DEAD = Debits (increase) Expenses, Assets, and Dividends	
Asset accounts (DR)	
Cash	



Account types (cont)

AR - Accounts receivable

PPE - Property, Plant, Equipment

Accumulated depreciation

Pre-paid accounts

Liabilities accounts (CR)

Notes payable

(any payable account)

Unearned service revenue (contra asset account)

SHE

Cr. Common stock

Cr. Retained earnings

Dr. Dividends

Dr. Salaries expense

Cr. Service revenue

Equations

Basic Acct Equation

Assets (Dr.) =

+ Liabilities (Cr.)

+ SHE (mixed)

SHE (mixed) =

+ CS (Common Stock) (Cr.)

+ RE (retained earnings) (Cr.)

+ revenues (Cr.)

- expenses (Dr.)

- dividends (Dr.)

4 adjustments to owners' equity

WIRE (- ++ -)

-Withdraws

+Investments

+Revenue

-Expenses

Basic Principles of Accounting - 4

Measurement Principle

Historic accounting/reporting on the basis of acquisition price

*verifiable benchmark

Fair Value the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date

*market-based measure

**more useful

Revenue Recognition Principle

When the company satisfies this performance obligation

Expense Recognition Principle

when the work (service) or the product actually contributes to revenue

by matching efforts (expenses) with accomplishment (revenues), the expense recognition principle is implemented

product costs material, labor, and overhead, attach to the product

period costs such as officers' salaries and other administrative expenses, attach to the period

Full Disclosure Principle

1. sufficient detail to disclose matters that make a difference to users

2. sufficient condensation to make the information understandable

Basic Principles of Accounting - 4 (cont)

3 (1) within the main body of places financial statements

(2) in the notes to those statements

(3) as supplementary information

making sure the company presents enough information to ensure that the **reasonably prudent investor** will not be misled

