**Define the following terms**

**Chapter 1**

* Accounting
* Account Title
* Business Ethics
* Capital Account
* Creditor
* Financial Statements
* Net Worth Statement
* Proprietorship
* Service Business

**Chapter 2**

* Accounts Payable
* Accounts Receivable
* Credit
* Debit
* Normal Balance
* T Account

**Answer the following questions as fully as possible**

1. Write the formal Accounting Equation
2. Compare and Contrast Asset, Liability, and Owner’s Equity (what does each represent and how do they relate to company accounts?)
3. List four common Asset Account Titles
4. Explain what Net Worth Statements are calculated to show
5. Explain which side of the T Account Assets increase / decrease on
6. Explain the four fundamental Accounting Questions when handling transactions

**Use the T Accounts on the following pages to solve the following Accounting Problem**

1. **Read the list of transactions below and classify the accounts**
2. **Make sure to fill in the T Accounts appropriately**
3. **Calculate the final balance for all T Accounts**

**The following transactions took place during September**

9-1 received cash from owner as investment $1,000

9-2 bought supplies with cash $250

9-3 recorded cash sales $500

9-4 paid cash for insurance $100

9-5 sold services on account, Great Company Co $750

9-6 bought supplies on account, Supply Co $1,200

9-7 recorded cash sales $800

9-8 paid cash on account, Supply Co $450

9-9 paid utility bill $250

9-10 received payment on account from Great Company Co $500

9-11 Owner withdrew equity in the form of Cash, $500

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| --- | --- | --- | --- |
| Cash |  | A P Supply Co |  |
|  |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| Supplies |  | Sales |  |
|  |  |  |  |
| A R Great Co |  | Utilities |  |
|  |  |  |  |
| Prepaid Ins |  | Owner’s Equity |  |
|  |  |  |  |