



## Chapter 1 Outline

What Is Business Accounting?  
Fundamental Purpose  
Bookkeeping  
Accounting  
The “Bean Counter” Myth  
Why Financial Statements Are Necessary  
The Elements Necessary to Assemble  
Financial Statements  
Why Study Accounting?  
The Corporate Accounting Department  
The Accounting Profession  
The Certified Public Accountant  
Audit and Attest Function  
Influence of Government and Professional  
Organizations  
Securities and Exchange Commission  
Internal Revenue Service  
American Institute of Certified Public  
Accountants  
Financial Accounting Standards Board  
Hospitality Financial & Technology  
Professionals  
American Hotel & Lodging Association  
Educational Institute of AH&LA  
National Restaurant Association  
Generally Accepted Accounting Principles  
Unit of Measurement  
Historical Cost  
Going-Concern  
Conservatism  
Objectivity  
Time Period  
Realization  
Matching  
Materiality  
Consistency  
Full Disclosure  
Business Transactions  
Accounting Income vs. Taxable Income  
The Accounting Equation  
Financial Statements  
Consolidated Financial Statements

## Competencies

1. Define and describe the purpose of accounting. (pp. 3–5)
2. Explain why financial statements are necessary and explain why the study of accounting is important to a hospitality career. (pp. 5–7)
3. Describe briefly the various types of accounting positions and responsibilities found in private and public accounting. (pp. 7–10)
4. Identify various governmental and professional organizations that influence the field of hospitality accounting. (pp. 10–13)
5. Explain the purpose of, and define several, generally accepted accounting principles. (pp. 13–17)
6. Describe how business transactions are recorded in double-entry accounting system. (pp. 18–20)
7. Explain why accounting income and taxable income can be different. (pp. 20–21)
8. Identify the five account classifications and the fundamental accounting equation, and explain the basic financial statements. (pp. 22–24)