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# Abbreviations and Acronyms Commonly Used in Business and Accounting

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|-----------------|----------------------------------------------------|
| AAA             | American Accounting Association                    |
| ABC             | Activity-based costing                             |
| AICPA           | American Institute of Certified Public Accountants |
| CIA             | Certified Internal Auditor                         |
| CIM             | Computer-integrated manufacturing                  |
| CMA             | Certified Management Accountant                    |
| CPA             | Certified Public Accountant                        |
| Cr.             | Credit                                             |
| Dr.             | Debit                                              |
| EFT             | Electronic funds transfer                          |
| EPS             | Earnings per share                                 |
| FAF             | Financial Accounting Foundation                    |
| FASB            | Financial Accounting Standards Board               |
| FEI             | Financial Executives International                 |
| FICA tax        | Federal Insurance Contributions Act tax            |
| FIFO            | First-in, first-out                                |
| FOB             | Free on board                                      |
| GAAP            | Generally accepted accounting principles           |
| GASB            | Governmental Accounting Standards Board            |
| GNP             | Gross National Product                             |
| IMA             | Institute of Management Accountants                |
| IRC             | Internal Revenue Code                              |
| IRS             | Internal Revenue Service                           |
| JIT             | Just-in-time                                       |
| LIFO            | Last-in, first-out                                 |
| Lower of C or M | Lower of cost or market                            |
| MACRS           | Modified Accelerated Cost Recovery System          |
| n/30            | Net 30                                             |
| n/eom           | Net, end-of-month                                  |
| P/E Ratio       | Price-earnings ratio                               |
| POS             | Point of sale                                      |
| ROI             | Return on investment                               |
| SEC             | Securities and Exchange Commission                 |
| TQC             | Total quality control                              |

# Classification of Accounts

| <i>Account Title</i>                    | <i>Account Classification</i>             | <i>Normal Balance</i> | <i>Financial Statement</i>                    |
|-----------------------------------------|-------------------------------------------|-----------------------|-----------------------------------------------|
| Accounts Payable                        | Current liability                         | Credit                | Balance sheet                                 |
| Accounts Receivable                     | Current asset                             | Debit                 | Balance sheet                                 |
| Accumulated Depreciation                | Contra fixed asset                        | Credit                | Balance sheet                                 |
| Accumulated Depletion                   | Contra fixed asset                        | Credit                | Balance sheet                                 |
| Advertising Expense                     | Operating expense                         | Debit                 | Income statement                              |
| Allowance for Doubtful Accounts         | Contra current asset                      | Credit                | Balance sheet                                 |
| Amortization Expense                    | Operating expense                         | Debit                 | Income statement                              |
| Bonds Payable                           | Long-term liability                       | Credit                | Balance sheet                                 |
| Building                                | Fixed asset                               | Debit                 | Balance sheet                                 |
| _____ Capital                           | Owner's equity                            | Credit                | Statement of owner's equity/<br>Balance sheet |
| Capital Stock                           | Stockholders' equity                      | Credit                | Balance sheet                                 |
| Cash                                    | Current asset                             | Debit                 | Balance sheet                                 |
| Cash Dividends                          | Stockholders' equity                      | Debit                 | Retained earnings statement                   |
| Cash Dividends Payable                  | Current liability                         | Credit                | Balance sheet                                 |
| Common Stock                            | Stockholders' equity                      | Credit                | Balance sheet                                 |
| Cost of Merchandise (Goods)<br>Sold     | Cost of merchandise<br>(goods sold)       | Debit                 | Income statement                              |
| Deferred Income Tax Payable             | Current liability/Long-<br>term liability | Credit                | Balance sheet                                 |
| Depletion Expense                       | Operating expense                         | Debit                 | Income statement                              |
| Discount on Bonds Payable               | Long-term liability                       | Debit                 | Balance sheet                                 |
| Dividend Revenue                        | Other income                              | Credit                | Income statement                              |
| Dividends                               | Stockholders' equity                      | Debit                 | Retained earnings statement                   |
| _____ Drawing                           | Owner's equity                            | Debit                 | Statement of owner's equity                   |
| Employees Federal Income Tax<br>Payable | Current liability                         | Credit                | Balance sheet                                 |
| Equipment                               | Fixed asset                               | Debit                 | Balance sheet                                 |
| Exchange Gain                           | Other income                              | Credit                | Income statement                              |
| Exchange Loss                           | Other expense                             | Debit                 | Income statement                              |
| Factory Overhead (Overapplied)          | Deferred credit                           | Credit                | Balance sheet (interim)                       |
| Factory Overhead (Underapplied)         | Deferred debit                            | Debit                 | Balance sheet (interim)                       |
| Federal Income Tax Payable              | Current liability                         | Credit                | Balance sheet                                 |
| Federal Unemployment Tax<br>Payable     | Current liability                         | Credit                | Balance sheet                                 |
| Finished Goods                          | Current asset                             | Debit                 | Balance sheet                                 |
| Gain on Disposal of Fixed Assets        | Other income                              | Credit                | Income statement                              |
| Gain on Redemption of Bonds             | Other income                              | Credit                | Income statement                              |
| Gain on Sale of Investments             | Other income                              | Credit                | Income statement                              |
| Goodwill                                | Intangible asset                          | Debit                 | Balance sheet                                 |
| Income Tax Expense                      | Income tax                                | Debit                 | Income statement                              |
| Income Tax Payable                      | Current liability                         | Credit                | Balance sheet                                 |
| Insurance Expense                       | Operating expense                         | Debit                 | Income statement                              |
| Interest Expense                        | Other expense                             | Debit                 | Income statement                              |
| Interest Receivable                     | Current asset                             | Debit                 | Balance sheet                                 |
| Interest Revenue                        | Other income                              | Credit                | Income statement                              |
| Investment in Bonds                     | Investment                                | Debit                 | Balance sheet                                 |
| Investment in Stocks                    | Investment                                | Debit                 | Balance sheet                                 |
| Investment in Subsidiary                | Investment                                | Debit                 | Balance sheet                                 |
| Land                                    | Fixed asset                               | Debit                 | Balance sheet                                 |
| Loss on Disposal of Fixed Assets        | Other expense                             | Debit                 | Income statement                              |
| Loss on Redemption of Bonds             | Other expense                             | Debit                 | Income statement                              |
| Loss on Sale of Investments             | Other expense                             | Debit                 | Income statement                              |
| Marketable Securities                   | Current asset                             | Debit                 | Balance sheet                                 |
| Materials                               | Current asset                             | Debit                 | Balance sheet                                 |

| <i>Account<br/>Title</i>                           | <i>Account<br/>Classification</i>         | <i>Normal<br/>Balance</i> | <i>Financial<br/>Statement</i>               |
|----------------------------------------------------|-------------------------------------------|---------------------------|----------------------------------------------|
| Medicare Tax Payable                               | Current liability                         | Credit                    | Balance sheet                                |
| Merchandise Inventory                              | Current asset/Cost of<br>merchandise sold | Debit                     | Balance sheet/Income<br>statement            |
| Notes Payable                                      | Current liability/Long-<br>term liability | Credit                    | Balance sheet                                |
| Notes Receivable                                   | Current asset/Investment                  | Debit                     | Balance sheet                                |
| Organizational Expenses                            | Operating expense                         | Debit                     | Income statement                             |
| Patents                                            | Intangible asset                          | Debit                     | Balance sheet                                |
| Paid-In Capital from Sale of<br>Treasury Stock     | Stockholders' equity                      | Credit                    | Balance sheet                                |
| Paid-In Capital in Excess of<br>Par (Stated Value) | Stockholders' equity                      | Credit                    | Balance sheet                                |
| Payroll Tax Expense                                | Operating expense                         | Debit                     | Income statement                             |
| Pension Expense                                    | Operating expense                         | Debit                     | Income statement                             |
| Petty Cash                                         | Current asset                             | Debit                     | Balance sheet                                |
| Premium on Bonds Payable                           | Long-term liability                       | Credit                    | Balance sheet                                |
| Prepaid Insurance                                  | Current asset                             | Debit                     | Balance sheet                                |
| Prepaid Rent                                       | Current asset                             | Debit                     | Balance sheet                                |
| Preferred Stock                                    | Stockholders' equity                      | Credit                    | Balance sheet                                |
| Purchases                                          | Cost of merchandise<br>sold               | Debit                     | Income statement                             |
| Purchases Discounts                                | Cost of merchandise<br>sold               | Credit                    | Income statement                             |
| Purchases Returns and<br>Allowances                | Cost of merchandise<br>sold               | Credit                    | Income statement                             |
| Rent Expense                                       | Operating expense                         | Debit                     | Income statement                             |
| Rent Revenue                                       | Other income                              | Credit                    | Income statement                             |
| Retained Earnings                                  | Stockholders' equity                      | Credit                    | Balance sheet/Retained<br>earnings statement |
| Salaries Expense                                   | Operating expense                         | Debit                     | Income statement                             |
| Salaries Payable                                   | Current liability                         | Credit                    | Balance sheet                                |
| Sales                                              | Revenue from sales                        | Credit                    | Income statement                             |
| Sales Discounts                                    | Revenue from sales                        | Debit                     | Income statement                             |
| Sales Returns and Allowances                       | Revenue from sales                        | Debit                     | Income statement                             |
| Sales Tax Payable                                  | Current liability                         | Credit                    | Balance sheet                                |
| Sinking Fund Cash                                  | Investment                                | Debit                     | Balance sheet                                |
| Sinking Fund Investments                           | Investment                                | Debit                     | Balance sheet                                |
| Social Security Tax Payable                        | Current liability                         | Credit                    | Balance sheet                                |
| State Unemployment Tax Payable                     | Current liability                         | Credit                    | Balance sheet                                |
| Stock Dividends                                    | Stockholders' equity                      | Debit                     | Retained earnings statement                  |
| Stock Dividends Distributable                      | Stockholders' equity                      | Credit                    | Balance sheet                                |
| Supplies                                           | Current asset                             | Debit                     | Balance sheet                                |
| Supplies Expense                                   | Operating expense                         | Debit                     | Income statement                             |
| Transportation In                                  | Cost of merchandise<br>sold               | Debit                     | Income statement                             |
| Transportation Out                                 | Operating expense                         | Debit                     | Income statement                             |
| Treasury Stock                                     | Stockholders' equity                      | Debit                     | Balance sheet                                |
| Uncollectible Accounts Expense                     | Operating expense                         | Debit                     | Income statement                             |
| Unearned Rent                                      | Current liability                         | Credit                    | Balance sheet                                |
| Utilities Expense                                  | Operating expense                         | Debit                     | Income statement                             |
| Vacation Pay Expense                               | Operating expense                         | Debit                     | Income statement                             |
| Vacation Pay Payable                               | Current liability/Long-<br>term liability | Credit                    | Balance sheet                                |
| Work in Process                                    | Current asset                             | Debit                     | Balance sheet                                |