Transportation providers. Where taxicabs, buses, and other transportation providers are strictly regulated or monopolized by government, a black market typically flourishes to provide transportation to poorly served or overpriced communities.

Illegal drugs. From the late 19th and early 20th centuries, many countries began to ban the keeping or using of some recreational drugs. But many people continue to use illegal drugs, and a black market exists to supply them.

Prostitution. Prostitution is illegal or highly regulated in the most countries across the world. While prostitution exists in almost every country, studies show that it tends to flourish more in poorer countries and in areas with large numbers of unattached men, such as around military bases. In countries such as the Netherlands, where prostitution is legal but regulated, illegal prostitutes exist whose services are offered cheaper without regard for the legal requirements, for example health checks.

Weaponry. The legislatures of many countries forbid or restrict the personal ownership of weapons. The black market supplies the demands for weaponry that can not be obtained legally.

Alcohol and tobacco. It has been reported that smuggling one truckload of cigarettes from a low-tax US state to a high-tax state can lead to a profit of up to $2 million. The low-tax states are generally the major tobacco producers, and have come under criticism for their low taxes.

There are also such examples of underground economic activities as copyrighted media, currency, fuel and others.

If an economic good is illegal but not seen by many in society as particularly harmful, such as alcohol under prohibition in the United States, the black market prospers.

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GENERAL DEFINITION OF ACCOUNTING

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Today, it is impossible to manage a business operation without accurate and timely accounting information. Managers and employees, lenders, suppliers, stockholders, and government agencies all rely on the information contained in two financial statements. These two reports — the balance sheet and the income statement — are summaries of a firm's activities during a specific time period. They represent the results of perhaps tens of thousands of transactions that have occurred during the accounting period.

Accounting is the process of systematically collecting, analyzing, and reporting financial information. The basic product that an accounting firm sells is information needed for the clients.

Many people confuse accounting with bookkeeping. Bookkeeping is a necessary part of accounting. Bookkeepers are responsible for recording (or keeping) the financial data that the accounting system processes.

The primary users of accounting information are managers. The firm's accounting system provides the information dealing with revenues, costs, accounts receivables, amounts borrowed and owed, profits, return on investment, and the like.

This information can be compiled for the entire firm; for each product; for each sales territory, store, or individual salesperson; for each division or department; and generally in any way that will help those who manage the organization.

Accounting information helps managers plan and set goals, organize, motivate, and control. Lenders and suppliers need this accounting information to evaluate credit risks. Stockholders and potential investors need the information to evaluate soundness of investments, and government agencies need it to confirm tax liabilities, confirm payroll deductions, and approve new issues of stocks and bonds. The firm's accounting system must be able to provide all this information, in the required form.

The basis for the accounting process is the accounting equation. It shows the relationship among the firm's assets, liabilities, and owner's equity.

Assets are the items of value that a firm owns —'cash, inventories, land, equipment, buildings, patents, and the like.

Liabilities are the firm's debts and obligations — what it owes to others.

Owner's equity is the difference between a firm's assets and its liabilities — what would be left over for the firm's owners if its assets were used to pay off its liabilities.

For a sole proprietorship or partnership, the owners' equity is shown as the difference between assets and liabilities. In a partnership, each partner's share of the ownership is reported separately by each owner's name.

For a corporation, the owner's equity is usually referred to as stockholders equity or shareholders equity. It is shown as the total value of its stock, plus retained earnings that have accumulated to date.

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