

Principles of Accounting - ICOM Part 1 Principles of Accounting Chapter 2 Short Question Preparation

Q1. Define accounting equation.

Ans 1: The expression of the equality of a business asset with the claims against it is referred to as the accounting equation. It can be expressed in terms of the following equation,
$$\text{Assets} = \text{liabilities} + \text{owner equity}$$

Q2. Define equation.

Ans 1: Accounting equation may be defined as a device by which the financial position of a business can be checked at a glance.

Q3. What is cash transaction?

Ans 1: If the value of a transaction is met in cash immediately it is called cash transaction.

Q4. What is transactions?

Ans 1: A business event which can be measured in terms of money and which must be recorded in books of account is called a transaction.