

## Bookkeeping Basics #1 – Understand the Fundamentals

### Section 4 Quiz **with Answers\*\***



The simple definition of a "Transaction" is...

- Communicating about a time when you needed to record a sale
- **Something affects your business financially and it needs to be recorded\*\***
- An agreement to exchange an asset for payment in for funds or related assets
- Allowing someone to take a product with the promise that they'll pay later

Which of the following could be an event that occurs which would result in a financial transaction?

- Sold a candy bar
- Bought a piece of land
- Invested in a savings account
- **All of these\*\***

The Fundamental Accounting Equation is represented by which of the following equations?

- $\text{Assets} + \text{Liabilities} = \text{Owner's Equity}$
- $\text{Liabilities} = \text{Assets} + \text{Owner's Equity}$
- **$\text{Assets} = \text{Liabilities} + \text{Owner's Equity}^{**}$**
- $\text{Assets} = \text{Owner's Equity}$

Based on the Fundamental Accounting Equation, if a company earns income and receives that income as cash, which of the following is true?

- Assets decrease; Liabilities stay the same and Owner's Equity increases
- **Assets increase; Liabilities stay the same and Owner's Equity increases\*\***
- Assets, Liabilities and Owner's Equity increases
- Assets increase; Liabilities increase, and Owner's Equity stays the same

For what we learned in this course, "accounts" are:

- Tied directly to either a checking, savings or credit card account
- Only used for checking and savings accounts
- A way to track income for a company
- **Are ways to divide up the major five categories - Assets, Liabilities, Equity, Income and Expense\*\***