CHAPTER 1

**ACCOUNTING IN ACTION**

ONE-MINUTE QUIZ

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| TEACHING TIP The purpose of chapter questions is to encourage students to read the chapter material before coming to class. They are normally given in the first few minutes of the class before the lecture begins and can count for ½ to 1 mark of a student’s grade. |

**Question 1:**

State the accounting equation.

**Question 2:**

Identify the four basic financial statements and list the statements in the order of preparation.

**SUGGESTED SOLUTIONS**

**Question 1:**

Assets = Liabilities + Owner’s Equity

**Question 2:**

The four basic financial statements are:

1. Income Statement
2. Statement of owner’s equity
3. Balance sheet
4. Cash flow statement