

# Basic Accounting — Concepts & Principles

## Core Concepts

- Business entity, going concern, accrual, consistency, prudence (conservatism), materiality.
- Qualitative characteristics: relevance, faithful representation, comparability, verifiability, timeliness, understandability.

## Accounting Equation

- $\text{Assets} = \text{Equity} + \text{Liabilities}$ ; effects of transactions on the equation.
- Capital vs. revenue items; recognition criteria for assets & liabilities.

## Source Documents & Prime Books

- Invoices, credit notes, receipts; daybooks for sales, purchases, returns; cash book as a book of original entry.