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***BBA-A***

***ACCOUNTING***

***SEMESTER – 2***

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We have studied Accounting this semester and by studying accounting thoroughly we came to conclusions that Accounting has it’s own technicalities, rules and terms that are used in daily basis in business-related communications. Using and understanding accounting information is an important ingredient of any businesses undertaking. Terms that has been used in accounting are Sales revenue, net income, cost, expense, operating margin, cash flows, revenues, assets, liabilities have clear meanings and are commonly used in business communications. Information that has been provided to the other/external parties who have interest of buying the company is sometimes referred to as financial accounting information. The primary objective of accounting is to provide information that is useful for decision making purposes. We emphasise accounting is not an end but rather it is a mean to an end.

 The final product of accounting information is the decision that is enhanced by the use of that information, the decision is made by owners, managers, creditors, governmental regulatory bodies, labour unions or many other groups that have an interest in financial performance of an Enterprise.

 Accounting is widely used to describe all the types of business activities. Accounting is sometimes refers to as LANGUAGE OF BUSINESS. Measurements of accounting are costs, prices, sales volume, profits and returns. Accounting information is also used by Governmental agencies. Many people think accounting as simply a highly technical field practiced by only professional accountants, But in reality nearly everyone uses accounting on daily basis. In accounting we measure and communicate economic events. Whether we manage business, make investments or monitor the daily ongoing cashflows and use of our money. We are always working with accounting concepts and accounting information. We have further types of Accounting system which are 3 in number and are Financial accounting, Managerial Accounting and Tax Accounting. Financial Accounting describes the Obligations, Activities of and economic entity and financial resources. Accountants usually use the word “financial position” to describe the organisation’s financial resources and obligations. And the term results of operations to describe it’s financial activities during the whole year to the society because they determine which companies and industries might receive the financial resources necessary for the growth. Then we have Managerial accounting and Tax accounting in which involves development and interpretation of accounting information to assist management in operating business and preparation of tax returns is a specialised field within accounting. Tax returns are based on financial accounting information however the information often is adjusted or reorganised to confirm with income tax reporting. Laws and regulations governing taxation are different.

 When we start reporting in accounting system we put information in Balance sheet to show cash inflows and out flows and we make Income statements so that we know exaction financial position of our company.

We have so many characteristics of accounting which are identity of decision maker, importance of timeliness, oriented towards future, measures of efficiency and effectiveness and managing accounting information —-A means