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**Subject:** Principle of Accounting

**University**: Iqra National University Peshawar

**Mid Term Paper Solution/Answers**

**Q1:-**

 **Currents Assets:-**

Current assets are short-term assets that are typically used up in less than one year. Current assetsare used in the day-to-day operations of a business to keep it running.

**For Examples:-**

 **:** Cash and equivalents.

 **:** Short-term investments (marketable securities)

 : Accounts receivable.

 : Inventory.

 :Prepaid expenses.

 :Any other liquid assets

**Fixed Assets :-**

 Fixed assets are long-term, physical assets such as plant and equipment. Fixed assets have a useful life of more than one year.

**For Examples :-**

  Land, buildings, Manufacturing equipment, Office equipment, Furniture, Fixtures, and Vehicles.

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**Q2:-**

If I am a bank manager and a company is requesting for lone,so I will take my final decision to approve or deny its request I want all personal financial details of him in which its includes social security numbers, net worth, details on assets and liabilities such as its home, vehicles, investment accounts, credit card accounts, auto loans, mortgages, the whole thing.

For businesses with multiple owners, or partnerships, the bank will want financial statements from all of the owners who have significant shares.

And yes, as I implied in the introduction to this article, that’s leading to the personal guarantee. Expect to sign a personal guarantee as part of the loan process.

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**Q3:-**

 **BUTTER MILK**

 **BALANCE SHEET**

 **FEBRUARY30,2020**

**ASSETS LIABILITIES&OWNER EQUITY**

A/Receivable= $1250 Notes Payable= $70,000

Land= $55000 A/Payable= $8000

Cash= $7400 Your Capital= $54,090

Furniture and fixtures= $20,000

Supplies= $3,440

Building= $45,000

  **Total= $132,090 Total= $132,090**

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**Q4:-**

 **Cash Flow Statement:-**

 A **cash flow statement**is the financial statement that measures the cash generated or used by a company in a given period. A cash flow statement typically breaks out a company's  cash sources and uses for the period into three categories: cash flow from operating activities, cash flow from investing activities, and cash flow from financing activities.

**For Examples:-**

Additions to property, plant, equipment, capitalized software expense, cash paid in mergers and acquisitions, purchase of marketable securities, and proceeds from the sale of assets are all examples of entries that should be included in the cash flow from investing activities section.

**Income Statement:-**

 The income statement calculates the net income of a company by subtracting total expenses from total income.

 **For example:** Annual statements use revenues and expenses over a 12-month period, while quarterly statements focus on revenues and expenses incurred during a 3-month period.

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**Q5:-**

 **Rules for Debit and Credit :**

The following are the rules of debit and credit which guide the system of accounts,

First: Debit what comes in, Credit what goes out.

 Second: Debit all expenses and losses, Credit all incomes and gains.

 Third: Debit the receiver, Credit the giver.

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**Q6:-**

 **Uses of Financial data:-**

The general purpose of the financial statements is to provide information about the results of operations, financial position, and cash flows of an organization.
**The purpose of financial statements**

* Credit decisions. ...
* Investment decisions. ...
* Taxation decisions. ...
* Union bargaining decisions

The genereal purpose of the financial statements is the provide information about the results of operations and cash flows of an organization.

**Types of financial data:-**

 **. Balance sheet**

 **. Cash Flow Statement**

 **. Income Statement**

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