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Major Assignment (summers)

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Program BBA

Subject Intro to Financial Accounting

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Major Assignment (summers)

Internal Evaluation Assignment:-

Summary:-

→ Financial ~~assio~~ statements are the reports that provide the detail of the entity's financial information including assets liabilities, equities incomes and expenses shareholders contribution, cash, flow, and other related information during the period of time.

In general, there are five types of financial statements that prepare by an entity in monthly, quarterly, annually or the period required by management.

Those five types of financial statements including income statement statement of financial Position statement of change in equity statement of cash flow and the Noted (disclosure) of financial Statement.

① Income statement

The income statement is one of the financial statements of an entity for a specific Period of time. Those information included revenues, expenses and profit or loss for the period of time.

② Balance sheet

Balance sheet is some times called the statement of financial Position. It shows the balance of assets and equity at the end of the Period of time.

③ statement of change in equity

A statem of change in equity is one of the financial statement that show the share holder contribution and movement in equity and equity balance at the end of the accounting period.

Information that shows in these statements include classification of share capital, total share capital, retain earning. dividend payment, and other related state reserves.

④ statement of cash flow

The statement of cash flow is one of the financial statements that show the movements of the entity's cash during the period. This statement help user understand how is the cash movements in the entity.

⑤ Noted to financial statements

Noted to financial statements is the important statement that most people forget about. This is the mandatory requirement by IFRS that entity has to disclosed all information that matters to financial statements and help users to have a better understandin

Adjusting enteries are changes to journal entries you've are already recorded. specifically, they make sure that the numbers you have recorded match up to the correct accounting periods.

journal enteries track how money moves - how it enters your business, leaves it and moves between different accounts.

Closing enteries

A closing entry is a journal entry that is made at the end of an accounting period to transfer balances from a temporary account to a permanent account.

Companies use closing enteries to reset the balances of temporary accounts - accounts that show balances over a single accounting period - to zero. By doing so the company moves these balances into permanents accounts on the balance sheet. These permanent accounts how show a company's long-standing financials.

Partnership form of business

A Partnership is a form of business where two or more people share ownership as well as the responsibility for managing the

the company and the income or losses the business generates. The income is paid to partners. who then claim it on their Personal tax returns the business is not taxed separately, as corporation are on its Profits or losses.

Need for Partnership

when business activities start expanding the need for more funds arise. More persons are required for supervising different functions. It is at this stage that a need for associating more persons arise. so more persons are associated to form groups to carry on business. These persons bring into the business their financial resources and are also helpful in business administration.

Formation of partnership

→ coming together of two or more than two persons are going to start a business.

→ working under mutual which creates a relationship among the partners

→ Partnership deed is written.

Partnership deed is a document containing all the matters according to which mutual rights : duties and liabilities of the Partners in the conduct and management the affairs of the firm are determined.

Now that we have defined and explained partnership lets discuss some of its advantages as well as disadvantages.

Advantages of partnership

→ less formality and legal obligation

one of the advantages of a partnership business is the lack of formality compared with managing a limited company.

The accounting process is generally simpler for partnerships than for limited companies

→ Ease of starting :- The partners can agree to create the partnership verbally or in writing. The partners will also individually need to register for self assessment which they can do easily.

→ Burden Sharing :- In a partnership your in it together. U share the burden of work office or whatever the business is both the responsibilities and duties are shared making this mutual since support as an advantage of Partnership form of business.

→ Skill and experiences sharing:- Each Partner will own knowledge, skills, experience and contacts to the business. This variety of skills and experiences can result in more Profit to the business there are two more ideas and plans different mindsets working all together on a single mission.

→ More capital for business:- the more the partners the more in the capital. The more partners there are, the more money there may be available from their combined resources to invest into the business.

together, their borrowing capacity is also greater.

Disadvantages of partnership form of business.

→ unlimited liability:- the business does not have a separate legal personality the partners are personally liable for debts and losses incurred. so if the business runs into trouble your personal assets may be at risk of being seized by creditors.

→ slow decision making:- decision making can be slower as you'll need to consult and discuss matters with your partners.

Accounting Principles

(1) Accrual - Income is recognized when earned regardless of when collected, and expenses are recognized when incurred regardless of when paid.

(2) Going concern. Also known as continuing concern concept or continuity assumption it means that a business entity will continue to operate indefinitely

(3) Accounting entity concept - A specific business enterprise is treated as one accounting entity seperate and distint from its owner.

(4) Time period assumption - The indefini[te life]
of an enterprise is subdivided

into time period and accounting Period which are usually of equal length for the purpose of prepaling financial Reports.

(5) Monitoring Unit assumption

Transaction are recorded in terms of money (Quantifibility) The currency used has a stable purchasing power