**Principles of accounting**

**Submitted to Sir QUID IQBAL**

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**Question#1**

**Current Assets**

Current assets are those assets that are used in short time and can be converted in to cash quickly and in a less than one year we can use those assets less than one year such as our inventory, prepaid expenses , account receivables and mainly cash.

**Fixed Assets**

Fixed assets are those assets that cannot be converted to cash within one year and take more than a year or years to be converted in to cash the examples of fixed assets are the following building, furniture, machinery, trucks and company’s owned land.

**Question#2**

Being a bank manager I will check the company eligibility for loan and will confirm that is the company eligible for loan or not for this purpose I will check the company’s financial statement after checking the financial statement I will decide and take decision that should our bank give them loan or not .

**Question#3**

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| **Butter milk**  **Balance sheet**  **Feb30,2020** | | |
| **Assets** | | **liabilities and owners’ equity** |
| **Cash . . . . . . . . $7,400** | | **Account payable . . . $8,000** |
| **Account receivable. . . . . $1,250** | | **Notes payable.... $70,000** |
| **Land . . . . . $55,000** | | **Capital . . . . .$54090** |
| **Building. . . . . . . . . . . . . . . .$45,000** |  | |
| **Furniture and fixture. . . . . .$20,000** |  | |
| **Total asset =$132,090** | **Total liabilities and owner =132,090** | |

**Account payable is 8,000**

**We know the fundamental equation for balancing Asset=liabilities+ owner’s equity to find account payable we have to rearrange the equation .**

**Question#4**

**Cash flow statement**

The account directly effect on cash

It is a financial statement that tell us about the amount of cash

How much entering into a company and leaving from a company it consist of cash flow from operation

* Cash flow from financial
* Cash flow from investing

**Income statement**

Income statement tells about the revenue and expenses of a company revenue gains, expenses, losses.

**Question#5**

**Debit rules**

Our account will be debit when assets increase and liabilities decrease our account will be debut when owner equity decrease and expenses increase

**Credit rules**

Our account will be credit when asset decrease and liabilities increase our account will be credit when equity increase and revenue also increase

**Question6#**

There is much type of people to use financial data they are the owner and investors, management, suppliers, lenders employees, customers the government and the general public for the purpose to get information about financial health to take decision