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| Name | ABID ALI |
| I.D | 16480 |
| Paper | Financial Accounting |
| Program | MBA (Finance) |
| Instructure | Dr. Amjad Rafiq. |

# "Q No 1"

## Accounting Cycle :-

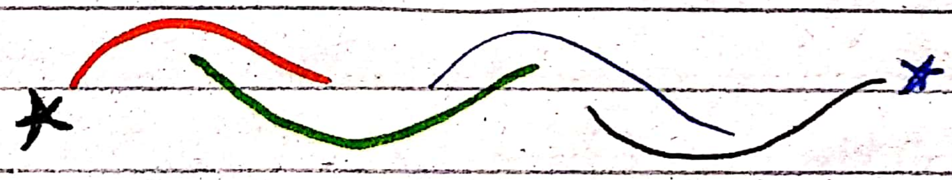
The accounting cycle is the process of accepting, recording Sorting and Crediting payments made and received within a business during a particular accounting period. Companies generally balance their books each quarter and then again at year-end though others may Prefer to Settle the books every day or every week. that's a lot of work, but it Can be done if you Choose to.

Based on the transactions recorded as part of the accounting cycle. Financial Statements Such as Cash Flow reports, Profit and loss Statements and balance Sheets Can be prepared. once all the business accounts have been balanced, they are Closed out for that period and new ones Created for the next accounting period.

The accounting Cycle is often describe as process that include the following Steps:

* Indentifying, Collecting and analyzing documents and transactions in Journals.

* Posting the Journalized amounts to accounts in the general and Subsidiary Ledgers.
* Preparing an unadjusted trial balance and perhaps preparing a work Sheet.
* Determining and recording adjusting entries.
* Preparing an adjusted trial balance.
* Preparing the Financial Statements.
* Recording and posting closing entries.
* Preparing a post-Closing trial balance.
* Recording reversing entries.



"Q No 2"

## Accounting Concepts:-

An accounting Concepts is a basic assumption or an opinion for recording business transaction which ultimately lead to the preparation of basic financial Statement. An assumption is Something that is accepted as true with proof. it is also true of an opinion which does not need of Proof. Accounting Concepts are the foundations of the accounting information useful for various users. Accounting Concepts have developed over period of time due to following reasons.

* New inventions improvement in Techonology, globalization an introduction of new types of business transactions.
* Changes in legal economic and social environments.

## (1) Business entity Concept:-

A business and its owner should be treated separately as far as their financial transactions are concerned.

2 **Money Measurement Concept :-** Only business transactions that can be expressed in terms of money are recorded in accounting, though records of other types of transactions may be kept separately.

3 **Dual aspect Concept :-** For every credit, a corresponding debit is made. The recording of a transaction is complete only with this dual aspect.

4 **Going Concern Concept :-** In accounting, a business is expected to continue for a fairly long time and carry out its commitments and obligations. This assumes that the business will not be forced to stop functioning and liquidate its assets at "Fire-sale" Prices.

5 **Cost Concept :-** The fixed assets of a business are recorded on the basis of their original cost in the first year of accounting. Subsequently these assets are recorded minus

depreciation. No rise or fall in market price is taken into account. The Concept applies only to fixed assets.

6. **Accounting Year Concept:-**

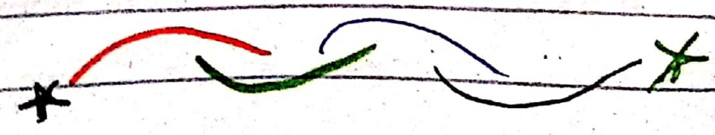
Each business chooses a specific time period to complete a cycle of the accounting process - for example, monthly, quarterly, or annually as per a fiscal or a calendar year.

7. **Matching Concept:-**

This principle dictates that for every entry of revenue recorded in a given accounting period, an equal expense entry has to be recorded for correctly calculating profit or loss in a given period.

8. **Realisation Concept:-**

According to this Concept profit it recognised only when it is earned. An advance or fee paid is not considered a profit until the goods or services have been delivered to the buyer.



"Q No 8"

## Balance Sheet :-

A balance Sheet is a Statement of the Financial Position of a business that lists the assets, liabilities, and owner's equity at a particular point in time. In other words, the balance Sheet illustrates your business's net worth. The balance Sheet may also have details from previous years So you Can do a back to back Comparison of two Consecutive years. This data will help you track your Performance and will identify ways to build up your finance and See where you need to improve. You Can also use the balance Sheet to determine how to meet your financial obligations and figure out the best ways to use Credit to finance your operations.

The balance Sheet is the most important of the three main financial Statements used to illustrate the Financial health of a business. Incorporated businesses are required to include balance

Sheets, income Statements and Cash flow Statements in financial reports to Shareholders and tax and regulatory authorities. Preparing balance Sheets is optinal for Sole proprietorships and partnerships, but is useful for monitoring the health of the business.

## Prepared :-

A Corporation's balance Sheets reports its:

* Assets (resources that were acquired in past transactions)
* Liabilities (obligations and Customer deposits).
* Stockholder's equity (the difference between the amount of assets and liabilities).

You Can view the balance Sheet as reporting the assets and the Claims against those assets (liabilites and Stockholders' equity). You Can also view the balance Sheets as reporting a corporation's assets and the amounts that were Provided by Creditors (the liabilities) and the amounts

Provided by the owners (the Stockholder equity).

A classified balance sheet reports the Current assets in a Section that is Separate from the long-term liabilities. This allows bankers, owners, and others to easily compute amount of an organization's working Capital and Current ratio.

The balance sheet has some limitations. for example, the Property Plant and equipment are reported at cost mins the accumulated depreciation except land. if these assets have increased in value, the fair value is not reported because of the cost Principle. Also brand name and trademarks may have significant value, but Cannot be reported on the balance sheet unless they were acquired in a business transaction.

The balance sheet should be read with the other financial Statements income Statement, Statement of Comprehensive income, Statement of Cash Flows, and the Statement of Changes in Stockholder's equity (including the the notes to the financial Statements.