NAME: UMER KARIM

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SUBJECT: PRINCIPLE OF ACCOUNTING

SUBMIT TO: SIR QUAID IQBAL

TOPIC: WHAT WE HAVE STUDIED TILL NOW

**WHAT WE HAVE STUDIED TILL NOW.**

TILL NOW WE HAVE STUDIED TWO CHAPTERS

**CHAPTER 1ST: INFORMATION FOR DECISION MAKING**

IN FIRST CHAPTER WE STUDIED ABOUT ALL THE TERMINOLOGIES OF ACCOUNTING.

FIRST OFALL IN FIRST CHAPTER WE STUDIED ABOUT THE TYPES OF ACCOUNTING WHICH ARE FINANCIAL ACCOUNTING, MANAGEMENT ACCOUNTING AND TAX ACCOUNTING. WE ASLO STUDIED ABOUT AUDIT, BALANCE SHEET WHICH IS ALSO KNOWN AS STATEMENT OF FINANCIAL POSITION. WE ALSO STUDIED ABOUT THE BOOKKEEPING, CASH FLOW PROSPECTS, CERTIFICATE IN INTERNAL AUDITING, CERTIFICATE IN MANAGEMENT ACCOUNTING AND CERTIFIED PUBLIC ACCOUNT. WE HAVE ALSO STUDIED ABOUT DECISION MAKING BY EXTERNAL PARTIES WHICH INCLUDE OWNERS, CREDITORS, SUPPLIERS, CUSTOMERSS, GENERAL PUBLIC ETC. THE OTHER TOPIC WHICH IS DECISION MAKING BY INTERNAL PARTIES WHICH INCLUDE BOARD OF DIRECTORS CHIEF EXECUTIVE OFFICERS, CHIEF FINANCIAL OFFICER, PLANT MANAGERS, STORE MANAGERS AND LINE SUPERVISORS. FIRST CHAPTER ALSO INCLUDE OF COST ACCOUNTING, EXTERNAL USERS, FINANCIAL ACCOUNTING, GOVERNMENT ACCOUNTING OFFICE, INCOME, RETURN OF INVESTMENT WHICH MEANS REPAYMENT TO AN INVESTORS OF THE AMOUNT ORIGINALLY INVESTED IN OTHER ENTERPRISE. IT ALSO INCLUDE STATEMENT OF CASH FLOWS WHICH MEANS AN ACTIVITY STATEMENT THAT SHOWS THE DETAIL OF THE COMPANY’S ACTIVITIES INVOLVING CASH DURING A PERIOD OF TIME. FIRST CHAPER INCLUDE OF TAX ACCOUNTING WHICH MEANS THE PREPRATION OF INCOME TAX RETURNS AND ANTICIPATING THE TAX EFFECT OF BUSINESS TRANSACTION AND STRUCTURING THEM IN SUCH A WAY AS TO MINIMIZE THE INCOME TAX BURDEN.

**THE 2ND CHAPTER: BASIC FINANCIAL STATEMENT**

IN SECOND CHAPTER WE STUDIED ABOUT THREE PRIMARY FINANCIAL STATEMENT WHICH ARE STATEMENT OF FINANCIAL POSITION, INCOME STATEMENT AND STATEMENT OF CASH FLOWS. WE HAVE ALSO STUDIED ABOUT THE ACCOUNTING EQUATION AFTER THAT WE STUDIED ABOUT STATEMENT OF FINANCIAL POSITION IN WHICH THERE WERE DIFFERENT STEPS WHICH INCLUDE PURCHASE OF AN ASSET, SALE OF AN ASSET, PAYMENT OF A LIABILITY, PAYMENT OF EXPENSES AND EARNING OF REVENUE. THE SECOND TOPIC WAS INCOME STATEMENT AND LAST TOPIC WAS STATEMENT OF CASH FLOWS IN WHICH THERE WERE THREE STEPS OF MAKING SATATEMENT OF CASH FLOWS WHICH ARE OPERATING ACTIVITIES, INVESTING ACTIVITIES AND THE LAST ONE IS FINANCING ACTIVITIES. IN THIS CHAPTER WE ASLO STUDIED ABOUT LITTLE BIT TERMENOLOGIES WHICH WERE BUSINESS ENTITY WHICH MEANS ECONOMIC UNIT THAT CONTROLS RESOURCES INCURS OBLIGATION AND ENGAGE IN BUSINESS ACTIVITIES. THIS CHAPTER ALSO INCLUDE OF DEFLATION WHICH MEANS DECLINE IN THE GENERAL PRICE LEVEL AND OPPOSITE OF THIS IT IS INFLATION WHICH MEANS INCREASE IN THE GENERAL PRICE. LIABILITIES WHICH MEANS DEBT OR OBLIGATION OF AN ENTITY THAT RESULT FROM PAST TRANSACTION. OWNERS EQUITY WHICH MEANS THE EXCESS OF ASSET OVER LIABILITY. POSITIVE CASH FLOW WHICH MEANS INCREASE IN CASH THAT ADD TO THE ENTERPRISE CASH BALANCE. SOLE PROPRIETORSHIP WHICH MEANS AN UNINCORPORATED BUSINESS OWNED BY A SINGLE INDIVIDUAL. SOLVENCY WHICH MEANS THE FINANCIAL ABILITY TO PAY DEBTS AS THEY BECOME DUE. COST PRINCIPLE WHICH IS WIDELY USED PRINCIPLE OF ACCOUNTING FOR ASSET AS THEIR ORIGINAL COST TO THE CURRENT OWNER.