



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

ACCOUNTING FUNDAMENTALS

by Ana Gurduz

Student ID: 2029605

Accounting fundamentals LCBB4001

Lecturer Ernest Ovia

University of Wales Trinity Saint David

30.06.2021

Table of Contents

Introduction	3
Task 1.....	3
1. Introduction to financial accounting.....	3
2. Income and expenditure/	3
3. Asset liability and capital.....	4
4. Balancing of account and trial balance	5
Task 2.....	6
Recording of transaction.....	6
Critical assessment of financial statement	9
Conclusion	9
References	10

Introduction

The accounting system has helped in making the establishment of financial transactions. The financial transaction has been used to keep the record of economical value in business. It has further established the value in making an estimation. The study has conducted an overview of financial statements and transactions and also recorded accounting transactions.

Task 1

1. Introduction to financial accounting

Calculation of financial accounting has developed a view over recording the business transaction that has modified keeping a record to statement. The statement of financial value has been used in making the decision for the organization. This accounting system is basically a system that includes the record of transactions, record and also keeping the record for the business. The analysis has been done over the estimation of value. The accounting system has helped in making the valuation in financial transactions for business (Sampe *et al.* 2019, p.143). Valuation of accounting has been journalized as an economical transaction for a business. It has recorded the value that has been kept in making the valuation of the transaction.

The system is involved in making certain reports that have been calculated. The estimation has mainly highlighted total value as per the preparation of report. The computation of the report has mainly shown certain statements to analyze the state. Furthermore, the estimation has added to the valuation of making a record. The record has been developed as per statement value. The statement has included the P/L account, cash flow value. It has earned retained earnings has made the valuation of making estimation of economical value. The accounting system has also included in making the record of process, summarization and also providing certain reports. As per Indrayana *et al.* (2018, p.1079), major part of the accounting system is developing the total value to make statement valuation. This accounting system can be used in making the report to make the useful decision for making the decision.

2. Income and expenditure

Income is considered as the business earnings that a company earns after deducting the value in certain expenses. The valuation has been invested to make the capital value that has taken the income value in making the wages. The company has involved several transactions that lead to several earnings for making the growth in business. The activities have also provided several

earnings that can be useful in making flow for business the income of a business has provided certain growth in making a valuation. The selling of goods in business and also further business activity generates several earnings in making earnings for business (Ariana *et al.* 2018, p.454). Developing a certain value has been developed income for making the estimation of business growth. The computation of income helps in the estimation of business earnings that has developed for making business continue.

Expenditure is considered as the cash and payment value of making the vault in business. It is basically expenses that an enterprise uses in the part of making cash credit purchases. The value of expenses has helped in the computation of profit value that has accounting and financial value. The expenditure is valued at making the purchase margin of developing the value. The evaluation of expenditure has been valued as per expenses margin in business. In the organization, it has mainly two types of expenditure that are involved in making the expenses value. Two values include revenue expenditure and also capital. It has developed a view that can be developed as per margin. The estimation of revenue has been vaulted over the expenditure margin and also the expenses value. The estimation of capital expenditure is the part if the life span of asset value is greater than 1 year. The opposite case will be considered as revenue expenditure. The valuation of the margin has been computed as per margin. The purchase of an asset is valued as per the estimation of expenditure margin in a business (Janwarin, 2018, p.72). The valuation has mainly made the estimation as per the expenses over the purchase value. Valuation has been highlighted as per expenditure value in business.

3. Asset liability and capital

The valuation of asset value has been used to make estimation liability to pay off the obligation. The measurement of asset value has been used in making the computation of business strong. An asset is considered a resource with economical value that has been used in a corporation to project the strength for the business. The estimation value has been used in developing the strength of the business that has developed the total value in making the value. In contrast with the opinion of Amahalu *et al.* (2017, p.32), the asset value has been estimated in computing the ability of paying off the total margin. The developing value has been used in making valuation of a business.

Liability is basically owed to a company or a person that has been taken to deal with some activity. It is mainly the sum of money that has been included in making the value in developing transfer of value. The estimation of economical benefit has helped in making a liability margin. It is liable for making the estimation obligation of value. Liability is considered as an economical benefit that

a company takes from the market to make business growth. It is recorded as an obligation of a business for making the business transaction. The estimation has mainly highlighted the valuation of obligation for business that has taken in making the business activities.

Capital value is the sum of benefits that have been benefited as per the value. It is considered as per the valuation of making the estimation. It is basically described as a benefit of business that has taken as per machinery and also intellectual property of making the value. It is considered the most useful component that has been used in developing daily expenses. It is also considered as the equity value that has been used in business operations. Capital has also used in developing business expenses that can be helpful in making financial transactions.

4. Balancing of account and trial balance

In making the transaction, it balances the account that has been used in improving the statement of account. The account for business has been balanced to make a valuation in estimating the valuation. Valuation has been computed in making the balance of the account. It has balanced the value in estimating financial transactions for a business. The value can be highlighted for the estimation for describing the economic transaction in business. It has used the transaction in evaluating the financial value that has been developed as a business operation.

Trial balance is considered a workshop in bookkeeping. The transaction has been used in the segregation of debit and credit value in taking the books. The income and also the expenses value has been transacted on the debit and credit side (Duțescu, 2019, p.42). It is considered a mathematical valuation that has been computed as per the value accounting value. It has developed as per estimation of making the value of recording and also keeping books. The intention of the primary account has been developed in recording the value that has been facilitated in financial value.

Task 2

Recording of transaction

Date	particular	amount (£)	amount(£)
	Depriaction on computer A/C.....dr. To acumulated depriaction A/C (being, depriaction has been computed at 12% on computer)	1752	1752
	acumulated depriaction A/C.....dr. To computer A/C (being, acumulated depriaction provided to computer)	1752	1752
	Depriaction A/C.....dr. To plant and mechniry A/C (being, plant and mechniry has been depriacted	2000	2000
	bad debt A/C.....dr. To account reciveable A/C (being, a bad debt has been created @£1500)	1500	1500
	Bad debt expenses A/C.....dr. To provision for bad debt A/C (being, a provision for bad debt has been created at @5%)	1000	1000
	Drawings A/C.....dr. To bank A/C (being, a personal drawings has been created @£750)	750	750

Figure 1: calculation

(Source: self-developed)

Recording the business transaction has been started with the journalizing the accounting activities. Production of journals has been used to make an estimation of financial transactions and also for developing the business perspective. The estimation of business transactions has been used to record the financial activity in business. Record of journal value has been developed for the scenario of making the transaction. Estimation of the transaction has been developed the total value that has been taken as per making the estimation (Warren *et al.* 2020, p.39). Record of the company has been developed and makes certain important in estimating the financial transaction value. It has recorded the additional information that Michael has forgotten to record. The estimation of account has been developed in making usage of value. The importance of journals has been valued at making the organization. The estimation of the transaction has been helped in maintaining the record of business activities.

Particular	amount (£) debit	amount (£) credit
retainings earnings		10100
Computer	14600	
depriciation : computer		6752
plant and mechnery	60000	
depriciation : plant and machinery		14000
inventory	30000	
trade receiavable	20000	
provision for bad debt		2600
bad debt		1500
cash in hand	100	
cash at bank	2500	
trade payable		36000
capital	28000	
drawings		10250
purchase	160000	
revenue		240000
rates	650	
wages	24000	
advertising	8000	
rates	3600	
bank charges		400
closing stock		30000
suspense	152	
TOTAL	351602	351602

Figure 2: calculation

(Source: self-developed)

The evolution of trial balance has mainly stated the value of recording the business transaction in business. The value has been made over the competition of journal entries. The income value and also the expenses value has been dividend into debut and also in the credit side of the business. Usage of trial balance helps to estimate the balance of income value in respect to the expenses. It evaluates a balanced state that has developed the total value in making an estimation. The importance of usage of the trial balance is in part of making corrections. It has been used to check the error in making the transaction. The computation of the total debt value is matched with the credit value. The analysis has helped in estimating mathematical error in estimating total value (Robson *et al.* 2017, p.39). The company can compare the debit side with the credit side for making the valuation. The estimation of trial balance has further been used in making rectifications in journal entries.

	profit and loss account			
Particular	amount			amount
			by gross profit	56000
advertising	8000			
rates	3600			
bank charges	400			
depreciation: computer	6752			
depreciation: plant and machinery	14000			
provision for bad debt	2600			
bad debt	1500			
net profit	19148			
	56000			56000

Figure 3: calculation

(Source: self-developed)

The calculation of profit and loss has been used to establish income and expense value in a business. The value has been used to keep the income and expense value in debit and also on the credit side. The estimation has mainly been used in estimating the profit value for the year. The calculated gross profit shows £56000. The estimation has mainly made the valuation of net profit margin after adjusting all the expenses. The total profit value has been evaluated at £19148. The computed value is important in making an estimation of financial value that has also been used in developing the margin. Developing the financial value has been estimated per the total margin.

balance sheet					
as at.....					
liabilities	amount		asset	amount	
capital	28000		net income		19148
drawings	10250		computer	14,600	
		17750	depreciation	6752	
trade payable	36000				7,848
add:	67746		plant and machinery	60000	
		103746	depreciation	14000	
					46000
			account receivable	20000	
			provision for bad debt	2600	
			bad debt	1500	
					15900
			cash in hand		100
			cash at bank		2500
			closing stock		30000
		121496			121496

Figure 4: calculation

(Source: self-developed)

The balance sheet value has been computed at total value as per the margin of making the valuation. It is important in making the analysis and also strengthening the value of business. Computation of value can be used in developing the total margin that is used as per asset value and also the liability value. The importance of estimation is in the portion evaluating the total value of making the asset value. Estimation of assets is used to estimate the stretch of liability margin. The valuation has been mainly computed total strength value in estimating total margin (Ariana *et al.* 2018, p.454). It has matched with the asset value and makes compatibility of business. The estimation has mainly been highlighted in evaluating the total value in a firm. The computation has been made in making the valuation of closing stock value. The total value two-sided has been computed at £121496.

Critical assessment of the financial statement

The estimation of financial value has been used to compute the financial value for developing the business. An estimation has mainly been made to evaluate the financial value that can be useful in making a valuation. In making the justification as per financial value can be made as per making financial statement. Developing the financial value has also provided the curtain statement that has developed a view over making the financial view. Recording the business transaction has been used in making highlights in valuation. It has further computed the business transaction. The estimation business value has been computed as the total margin that has been used in developing statements. The valuation of transition has been highlighted as the total value that is used to make the estimation of the total value. The valuation has been chosen as per making the annual statement that is used to contrast over the business scenario.

Conclusion

The study has concluded several accounting transactions that have been used in establishing the original value in developing the view of the business. The computation of a journal has been used to record the financial activities in a business. It has further recorded in estimating the total value that can be developed as per activity of the business. The computation of financial estimation has highlighted total estimation. Additionally, it has prepared a statement that can be developed as per the value. The estimation of value can be highlighted as per making the useful decision for developing the business.

References

- Amahalu, N., Abiahu, M.F.C. and Chinyere, O., 2017. Comparative analysis of computerized accounting system and manual accounting system of quoted Microfinance Banks (MFBs) in Nigeria. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 7(2), pp.30-43.
- Duțescu, A., 2019. *Financial Accounting: An IFRS Perspective in Romania*. Springer Nature.
- Indrayana, I.N.E., Sudiartha, I.K.G., Sutawinaya, I.P., Saptarini, N.G.A.P.H. and DP, N.W., 2018, December. Design And Implementation of Mobile Finance Application For Micro Small and Medium Enterprises (MSMEs). In *International Conference on Science and Technology (ICST 2018)* (pp. 1072-1077). Atlantis Press.
- Janwarin, X.M., 2018. Problem Based Learning on Textbook Accounting Indonesia Adaptation: A Content Analysis Approach. *Jurnal Pendidikan Progresif*, 8(2), pp.68-80.
- Robson, K., Young, J. and Power, M., 2017. Themed section on financial accounting as social and organizational practice: exploring the work of financial reporting. *Accounting, Organizations and Society*, 56, pp.35-37.
- Warren, C.S., Jonick, C. and Schneider, J., 2020. *Financial accounting*. Cengage Learning.
- Ariana, I.M., Bagiada, I.M. and Sukayasa, I.K., 2018, October. User satisfaction on technical and operational performance of spreadsheet-based financial accounting application. In *1st International Conference on Social Sciences (ICSS 2018)* (pp. 450-454). Atlantis Press.
- Sampe, Y., Pontoh, G.T. and Jao, R., 2019, October. Baruga Kare Guesthouse Makassar Financial Reporting System Based on FASS of MSMEs. In *ICAME 2019: Proceedings of the 4th International Conference on Accounting, Management, and Economics, ICAME 2019, 25 October 2019, Makassar, Indonesia* (p. 143). European Alliance for Innovation.

Appendix 1:

[illegible][illegible]

