WRITING ACTIVITY FOR ACCTG.1 – FUNDAMENTALS OF ACCOUNTING

Midterm Coverage

Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Date:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Course/Block & Year: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. As a BSCS students, why is it important for me to study and understand Fundamentals of Accounting?

Answer: Studying The Fundamentals of Accounting is important for me because the basics of accounting will help me through my journey in computer science. And some professionals in this field is also working in a business company. Just understanding the basics of it makes it a great learning experience for me who doesn’t have a business background.

1. What is the relevance of Fundamentals of Accounting to my profession in the future?

Answer: The relevance of it is that I may have to build a system where the user can make transactions and other financial processes in a way that is efficient and reliable.

1. What is Accounting and why is it important in business and daily life?

Answer: Accounting is all about communication in a business field where we calculate the minimum transactions, revenues, and overall profit in a business. It is important in a business because without it we will struggle in our business. And it is important in our daily life because everyday we calculate our actions whether it is right or wrong and if we can gain something in what we do.

1. How do accounting principles help ensure accurate and ethical financial reporting?

Answer: principles helps create the framework of a business that guides on how the financial transactions should be recorded and reported in a business.

1. How does accounting help businesses make informed financial decisions?

Answer: By tracking the financial performance of a business. In this way we know how our business works, operates, and analyze the losses.

1. What are the main financial statements, and what information do they provide?

Answer: We have 4 financial statements and that is the Income statement where it shows the revenues, expenses, and overall profit/loss. We have the balance sheet where it displays the assets, liabilities, and equity. We have the Cash Flow Statement where it reports cash flows and outflows. We also have the Statement of Changes in Equity where it shows changes in the owners equity over a period of time.

1. Can you think of a situation where understanding financial statements would be useful in personal finance?

Answer: A situation where an owner have a multiple branches of businesses, by undertaking the financial statements the owner will know everything in his/her businesses without worrying about a potential loss of profit.

1. What are the **Generally Accepted Accounting Principles (GAAP),** and why are they important?

Answer: It is a set of rules that a company must follow when preparing financial statements. They’re important because it ensures consistency, reliability, and comparability to a financial reporting.

1. Why do businesses and organizations follow GAAP instead of using their own accounting methods?

Answer: Because GAAP ensures consistency, reliability, and comparability In their financial reporting.

1. What role does technology play in ensuring compliance with GAAP?

Answer: The rapid growth of technology helps companies by making it easier for companies to adhere to GAAP while reducing the risk of errors and flows. By having an advance technology companies will have a faster rate of calculating the financial statemenrs.

1. How can software applications help automate and maintain GAAP standards in businesses?

Answer: Software applications will significantly help automate and maintain compliance with GAAP standards by reducing the risk of human error and ensures the consistency of works.

1. What are the consequences if a company fails to follow GAAP?

Answer: By failing their rules companies will face consequences, it can damage the reputation of a company, penalties will also be applied.

1. What is a **Balance Sheet**, and why is it important in financial reporting?

Answer: A Balance Sheet is a structure in which we can see the assets, liabilities, and earnings of a company. It is important in financial reporting because without it we won’t see business strength and weakness.

1. How does the Balance Sheet help businesses assess their financial position?

Answer: By reporting the liabilities, assets, and the overall profit and loss of a business. Doing this is helpful in a company.

1. What is an **Income Statement**, and why is it important in financial reporting?

Answer: An income statement is a financial statement in a company where they can monitor their expenses and revenues. By doing so the company will know what is the the expenses that they let go and the profit that comes after it.

1. How does the Income Statement differ from the **Balance Sheet**?

Answer: The income statement shows the overall profits of the company, while the balance sheet displays the assets, liabilities, and equity of a company. The income statement differs from the balance sheet is that the net income of the income statement can impact the equity of the balance sheet. Meaning if the income statement has a loss of profits the balance sheet will become a mess.

1. How does the Income Statement help businesses evaluate their financial performance?

Answer: The Income Statement helps businesses evaluate their financial performance by showing profits, costs, and revenue over a period.

1. What is **Revenue**, and why is it the starting point of the Income Statement?

Answer: Revenue is the money that the company earns in a sale of its products. It is the starting point of the income statement because without revenues we can’t start a business.

1. How do **Expenses** affect the company's profitability?

Answer: Expenses need to be under control in order not to affect the profitability of a company. Because if a company spoiled its expenses it will greatly affect the overall profitability of a company, the profit will be lower than it must.

1. What is **Net Income?**

**Answer: A net income is an income that a company will have over a period. For example, a company name mcdonalds roughly earns 5 million a year, that is a net income of mcdonalds.**

1. What is the difference between **operating expenses** and **non-operating expenses**?

Answer: Operating expenses is the company’s salaries, rent, and marketing. The non-operating expenses is the daily operations such as interest or loans or losses from the company.

1. How do investors and business owners use the Income Statement to make financial decisions?

Answer: Both investors and business owners rely on the **Income Statement** to assess profitability, evaluate cost efficiency, and make strategic decisions for growth, investments, and risk management.

1. Why is it important for businesses to track revenue and expenses accurately?

Answer: Tracking the revenue and expenses accurately can significantly increase the overall profitability of a company. By doing this the company will rise in power.