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**Executive Summary**

In this assignment, we see that we absorb and learn what is in this module. The existence of accounting is based on transactions, from ancient times to modern chats are still there, his main purpose is to complete a transaction after the collection and Classification, reanalysis and interpretation. It is a set up in the financial dealings and the collection of information and records, simply a management event that allows people to manage the transaction after the record. When the data is systematically counted, it is easier and easier to see next time. For the sake of authenticity accounting often requires receipts of support as evidence. In first of the assignment, I will in a brief but comprehensive response, define the role of accounting. Secondly, I will explain what is the difference between accounts payable and accounts receivable. In the third part, I will define why does a company’s profit appear as a credit on its balance sheet. In the end, will define what is meant by reconciling an account.

**Introduction**

It is indispensable to form an application system that facilitates the decision-making system based on the collection, classification, synthesis, analysis, and interpretation of financial information. It is indispensable to manage the economy with an efficient management of the economy. Alternative management system, only in the economy. The object of accounting is the transfer and management of funds. The main practice of accounting is very strong. It studies the theoretical and conceptual structures that can reveal the law of development, and studies the specific application of the principles and principles of the recalls, and puts forward the systematic indicators Direction and system and reflect and control the technology. Accounting from the theory and method in two aspects of practice and services to help organizations improve and work to improve the collection system guide to slowly improve the system from the past to the current gradually emerging problems. The emergence and development of accounting are inseparable relationships with the formation and development of modern society. Accounting is based on money as the main unit of measurement. In other words, there are only figures in accounting. He is a method of recording, accounting and supervising the financial revenue and expenditure and economic business of social organizations in the form of vouchers and accounting books. The essence of the mind is economic management so it has been regarded as a commercial language, all walks of life if they want to engage in the business behavior, cannot understand the basic accounting. Do not need to have excellent actuarial power, do not need to understand the difficult mathematical equations, only need to know how to add and subtract small multiplication and division, to a systematic, and even computer-aided. It is necessary to analyze the various subjects of the transaction, and then summed up the basic process of the transaction, repeated practice, to create a good foundation and understand the logic of the notes.

**Assignment Questions**

**Question 1**

In a brief but comprehensive response, define the role of accounting. (20 Marks)

Accounting is run through money trading, everything is standing on an objective point of view. According to the objective point of view of the authenticity of the information, and proper management. The purpose of accounting is to follow the requirements of the information users to the performance of the accounting functions. The function of accounting is determined by the commodity economy's objective requirements for information, so it has objectivity and relative stability. The purpose of accounting means that the accountant should ask for what it should meet, so it expresses the subjective consciousness of the person and changes with the external environment in which the accounting is dependent. The emergence and development of accounting are related to both the development of productive forces and the change of relations of production. Accounting is a kind of management activity that people engage in the process of managing the reproduction process. It is needed by different societies. It has something that all classes need in common. These things from simple to complex, from low to high, from incomplete to complete, each change is associated with the development of productive forces, accounting participation in the management of economic processes, in fact, through the reflection of productivity, control of the Management activities. In this respect, accounting has a natural property that is technical. With the development of science, technological progress, accounting in many mathematical methods, the extensive application of electronic computers, accounting technology is also increasing. But the production is always carried out under the specific production relations, accounting always reflects the process of controlling economic activities to reflect the nature of the relations of production, reflecting the requirements of the production relations. The contents of the accounting and management of the different social systems are different from each other. Accounting theory should also be established in accordance with the needs of the ruling class.

Accounting function refers to the accounting model during the operation of the favorable role, including the macroeconomic development and micro-business operations arising from the various roles. Accounting is an economic information system, so the main function of accounting model is the processing and transmission of information. This is the inherent function of the accounting itself. As the composition and operation of accounting models in different countries are different, they also give different social functions in addition to the main functions of the accounting model.

The double entry method refers to the accounting method in which each financial business is registered with an equal amount of two or more interconnected accounts. Duplicate accounts are based on the balance of assets and fair for the accounting basis for each economic business that must be equal to the amount of two or more related accounts to the other party with the registration system reflected in the movement of the changes in my financier. The result of an accounting method. Because of the duality of economic problems (if, the emergence of each economic event that leads to two or more changes in capital), there is a natural balance between assets and interests, and people use this to guide accounting practice, which has become a repetitive calculation Theoretical basis. An amount equal to the simultaneous recording of the economic business in two or more related accounts. The theoretical basis of repeated calculations is the basic accounting equation. Duplicate accounts in accordance with the accounting, accounting standards symbol, try to balance the different methods can be divided into the bill of lading, increase and decrease the accounting methods and receipts and payment methods. Loan accounting is the most complex one, and today the most widely used double-transaction method is the current legal accounting method. As to how to increase this amount of money to remember the money it depends on the account to reflect the amount and nature of the business's economy. Duplex billing is the only billing. Only the accounting is a relatively simple way and incomplete accounting for only a record of cash receipt and payment and the person has been the people of these problems; double billing is a more scientific method of billing, it requires the occurrence of each economic business, must be equal to the amount of two or more accounts in the registry, which is a complete reflection of the full picture of the economy. The type of double-entry method includes loans and loan receipts and payment methods and increases or decreases the method of accounting methods.

The role of accounting is the social function requirement that people express in the process of accounting work, and further, the concrete behavior, behavior and behavior pattern of accounting determined by the social status of accounting work. It is necessary to show that the role of accounting is a social role that is a professional role in social roles, not a gender role, a family role, a national character, a learning role, a citizen role, or other roles. The accounting role is determined by the social Functional requirements to determine the behavioral expectations of society in the accounting position of the "accounting person." Accounting role exists in specific social relations, is a historical, development, the concept of advancing with the times. Different social relations give the role of accounting connotation is not consistent, in other words, accounting in different occasions to play a different role.

**Question 2**

What is the difference between accounts payable and accounts receivable? (20 Marks)

(A) other receivables

1, other receivables: corporate receivables are another important component. Is the enterprise in addition to bills receivable, accounts receivable and prepayments other than a number of temporary payment receivables, belonging to the assets of subjects.

2, other receivables usually include temporary payment, refers to the enterprise in the commodity trading business outside the occurrence of various receivables, temporary payment. mainly include:

(1) a variety of claims receivable, fine;

(2) the rental of rental goods;

(3) various advances to employees should be charged;

(4) reserve funds (to the various functional departments, workshops, and other allocated funds);

(5) deposit a deposit, such as a deposit paid for the payment of the package;

(6) other kinds of receivables, temporary payment.

(B) other payables

1, other payables: refers to the enterprise to pay, temporary receipt of other units or individuals, such as the lease of fixed assets and packaging to pay the rent, deposit, the staff did not receive wages on a regular basis, payable, temporary subordinate units, individuals of the money, etc., are liabilities of subjects.

2, the contents of other payables

(1) to meet the operating lease of fixed assets and packaging rent;

(2) wages not paid by staff members on time;

(3) deposit (such as the income of the deposit, etc.);

(4) to pay, temporary collection of units, individual money;

(5) other payable, temporary payment.

(3) Accounts receivable refers to the business expenses that the enterprise shall pay to the purchaser or the unit receiving the service, including the price of the goods and the packing fee paid by the purchase unit, for the business activities such as selling goods and providing labor services. The balance at the end of the period is generally debited, indicating that the receivable has not yet been recovered, such as the credit that the enterprise has received in advance.

(4) Accounts payable is the amount that should be paid for business activities such as the purchase of goods or services.

Example:

1. Salaries paid by cheque $2000.

Salaries(Expenses)

|  |  |
| --- | --- |
| Increase | decrease  Paid by cheque $2000 |

Cheque(Bank)(Asset)

|  |  |
| --- | --- |
| Increase  Received salaries by cheque $2000 | decrease |

1. Rent received $800 by cash.

Cash(Asset)

|  |  |
| --- | --- |
| Increase | decrease  Received rent $800 |

Rent(income)

|  |  |
| --- | --- |
| decrease  Paid rent $800 by cash | increase |

We must first know what is the account, accounting is the business after the occurrence of their records in the account, to better grasp the source of funds and whereabouts, companies generally use double bookkeeping method, that is, an economic business After the occurrence of the need to record, at the same time in the associated two or more accounts, the same amount of registration of a bookkeeping method. The benefits of the double bookkeeping method are that the accounting information users can understand the financial situation of the business, the same amount of account, you can easily check the accounting error situation. At present, China's enterprises and administrative, institutions have adopted a double bookkeeping method.

**Question 3**

Why does a company's profit appear as a credit on its balance sheet?? (20 Marks)

The balance sheet represents the main financial statements of the firm's financial status (i.e., the status of assets, liabilities and owners' equity) on a certain date (usually at the end of each accounting period). The balance sheet uses the principle of accounting balance to classify the assets, liabilities and shareholders 'equity of accounting principles into two sections: "assets" and "liabilities and shareholders' equity". After the entry, transfer and ledger Accounting, etc., in addition to the enterprise internal debugging, management direction, to prevent the drawbacks, but also allow all readers in the shortest possible time to understand the details of the report, Business situation.

The basic structure of the balance sheet is usually listed on the left side of the table by the order of change of various assets, reflecting all the property, material, claims and rights of the unit; all liabilities and owners' equity are listed in the table Right side Liabilities are generally listed in the upper right, respectively, reflect the various long-term and short-term liabilities of the project, the owner's rights listed in the lower right, reflecting the owners of capital and surplus. The amount of the left and right sides are equal.

The balance sheet must be published and reported regularly to various groups (including stockholders, long and short creditors, government agencies) that have external economic interests. When the balance sheet has a period of the end of the period, known as the "comparative balance sheet", it is from the previous period of asset and liability comparison, can reflect the financial changes in the enterprise. The balance sheet prepared in accordance with the balance sheet of several independent enterprises that are closely linked to the shareholding is called the "consolidated balance sheet". It can be a comprehensive reflection of the enterprise and its equity linked to the full financial situation of the enterprise.

1. Assets, liabilities and owners' equity

The movement of capital takes two forms: relatively static state and significant change state.

When capital is in a relatively static state, there are three important concepts involved:

1. assets

2. Liabilities

3. Owners' equity

The relationship between the three accounting elements at a certain point in time. The number of assets of a business, it must have its corresponding source; the other hand, how many sources will inevitably show how much of the assets. At some point in time with the following formula expressed by the number of relationships:

Assets = liabilities + owner's equity ......... (1)

(1) to move the item, it is:

Owners' equity = Assets - Liabilities = Net assets ......... (2)

The formula is the basis of accounting, accounting, but also the basis of the balance sheet. It shows that both shareholders and creditors in the enterprise's assets, in the end, accounted for much of the share. The balance of the asset is the same as the owner's equity when the liability is constant. The owner's equity remains the same, the asset changes in the same direction as the liability, and when the owner's equity and liabilities change, the change in the asset is equal to the sum of the two.

2. Income, expense, and profit

When capital is in a marked state of change, there are three important concepts involved:

These three elements in a certain period (note: not the point), the formation of the following formula expressed by the number of relationships:

Income - cost = profit

three. Accounting six elements of the synthesis

The static and dynamic of the capital movement is a dialectical unity.

Assets, liabilities, owner's rights, income, costs and the number of profits there is an internal relationship between the organic, that can be integrated. Their comprehensive reflection is:

Asset + (income - expense) = debt + owner's equity + profit (before distribution)

A trading account is a position that includes a position of a financial instrument that is engaged in a self-operated and short-term holding and is intended to sell or plan to profit from the actual or expected spread of the sale and the position held to avoid other project risks in the trading account. Accounting for the transactional financial assets in the accounting subject and the "planned sale for a period" for "indefinite investment purposes" in the available financial assets.

The positions stated in the trading account should meet the following basic requirements:

\*First, with a senior management approved by the written position / financial instruments and investment portfolio trading strategy (including holding period);

\*The second is to have a clear position management policies and procedures;

\*Third, there are policies and procedures that have a clear view of whether the position is consistent with the bank's trading strategy, including monitoring the size of the transaction and the balance of the trading account. Whether the purpose of trading at the beginning of the transaction has been identified, then generally cannot be arbitrarily changed

The definition and distinction of bank accounts and trading accounts. The reply is as follows: First, the definition: the bank's internal and external assets can be divided into bank accounts and trading account assets two categories. Bank accounts, trading accounts is a regulatory aspect of the banking assets of a classification, mainly from the regulatory point of view of the account position for the division. 1. Trading account a) Also known as the trading portfolio (Trading Portfolio), simply refers to the organized financial market can be quickly traded and hold a shorter time assets, liabilities and derivatives positions, including bonds, Stocks, foreign exchange, certain commodities, and derivative products associated with these positions, for obtaining short-term gains. B) In the case of a trading account, the Basel II stipulates that the trading account includes positions of financial instruments and commodities held for trading or for circumventing the risks of other items in the trading account. C) Financial instruments that meet the requirements for calculating capital requirements in the trading account must contain no restrictive terms in the transaction or be fully hedged against risk. 2. Bank Account a) Portfolio (Investment Portfolio), refers to those with poor liquidity or hold a long time the assets and liabilities of the position. B) Bank accounts mainly include traditional banking such as deposits and loans, as well as derivative products for hedging positions in bank account positions, such as swaps (these derivatives can be structured on the surface

As part of the trading account, but in fact does not belong to the trading account, it is excluded from the market risk measurement indicators, but subject to the credit risk of capital requirements constraints). C) this business is not for the purpose of the transaction, the nature of the more passive, less consideration of the impact of short-term market factors fluctuations Second, the trading account management method into the trading account positions should meet the following basic requirements: 1, trading account business characteristics 1) having a written position / financial instrument and portfolio trading strategy approved by senior management; 2) having clear position management policies and procedures, and 3) policies and procedures with clear monitoring of the position and bank trading strategies , Including monitoring the size of the transaction and trading account position balance; 4) the purpose of the transaction has been identified at the beginning of the transaction, then generally cannot be arbitrarily changed; 2, bank account business characteristics Other business classified as bank accounts, the most typical deposit and loan Business 3, the trading account pricing is usually marked by the market price (mark-to-market), when the lack of reference to the market price, you can press the model pricing (mark-to-model) 4, the bank account pricing method usually Historical cost pricing

3 The regulatory requirements of the trading account 1, the bank account and trading account division, must be regulated. If the account is not properly classified, it will affect the accuracy of the market risk capital requirements; if the bank in the two accounts between the discretionary position, it will be adjusted according to the need to adjust the capital adequacy ratio to provide regulatory arbitrage opportunities. 1) the banking regulatory authorities have formulated the basic principles of bank accounts and trading accounts. 2) Commercial banks have formulated internal policies and procedures to specify the criteria and procedures for account delineation. 2, the regulatory authorities regularly check the bank's account division 1) check the focus of its internal account division policy, the procedures are in line with regulatory requirements; 2) whether to comply with the internal account division policies and procedures; 3) whether to reduce the regulatory capital requirements and artificially adjust the position between the two accounts

The theoretical basis of the balance sheet method is the concept of capital preservation, that is, only after the original capital has been maintained or the cost has been made up to be recognized after the gains and losses. Capital maintenance and financial capital maintenance and physical capital maintenance (financial capital maintenance and physical capital maintenance) two views: the former that the capital should be regarded as a financial phenomenon, that is, by the owner of the enterprise into the resources, income is a Physical phenomenon, it represents a real "production capacity", corporate assets than the original " production capacity " part of the income. There is also an important difference between these two views is a certain period of price changes on the holding of assets and liabilities impact and treatment. In accordance with the financial capital to maintain the point of view, the price of the impact of assets and liabilities should be recognized, they are higher than the nature of the profits or losses can be included in the capital remuneration; and in nature belong to the adjustment of capital should be directly included Owners' equity, and not income.

Enterprises in a certain period to achieve the profit or loss must be expressed as changes in assets and liabilities, income or asset reduction or debt reduction accompanied by the cost of reducing corporate assets or increased liabilities. Changes in assets and liabilities caused by the profits of the following four kinds of things:

(1) the increase in assets and liabilities remain unchanged, indicating that the enterprise has made a profit;

(2) the same assets, reduced liabilities, the same show that the enterprise was profitable;

(3) Assets and liabilities are increased, but the increase in assets is greater than the increase in liabilities, indicating that the enterprise is profitable;

(4) Assets and liabilities are reduced, but the decrease in assets is less than the reduction in liabilities, as well as the profitability of the enterprise.

Such as the enterprise in a period of assets and liabilities occurred with the opposite changes, the company's current results for the loss. Thus, the profitability of an accounting period can be determined by calculating and comparing the beginning and ending net assets. In determining the change in the asset, the owner's additional investment during this period and the amount paid to the owner must be excluded. So, the balance sheet method, also known as the net assets law, the profit formula can be expressed as follows:

Total profit = net assets at the end of the period - net assets at the end of the period + the amount paid to the owner in the current period - the owner's investment in the current period (the profit paid and paid to the owner)

In the accounting practice, this method is only used in the popular single bookkeeping method. With the prevalence of double-entry bookkeeping, the setting of income-fee accounts and the calculation of profits, this law has been abolished, but its effect on the profit and loss is still unchanged.

**Question 4**

What is meant by reconciling an account? (20 Marks)

A bank statement is a bank and business check the account of the contact, but also to confirm the business records, but also can be used as a basis for corporate capital flows, and the most important thing is to determine the size of a certain period, many places need Statement.

Characteristics of bank statements

Bank statement refers to the bank objective record of corporate funds flow record. On the concept of bank statements, the main body of the bank statements reflect the banks and enterprises, reflecting the content of the enterprise funds, reflecting the form of corporate cash flow records. For its purposes, a bank statement is a voucher between a bank and an enterprise that checks and confirms the flow of funds. In terms of its characteristics, the bank statement has objectivity, authenticity, comprehensiveness and other basic characteristics.

(A) objectivity

According to the provisions of the national financial accounting system, any enterprise, and unit since the establishment of the bank to open a bank account, the enterprise funds through the bank for payment and carry forward. Bank as a national financial institution, its most important one is to ensure the normal flow of corporate funds, at the same time, objectively record the occurrence of each capital flow of funds, and regular enterprises in the bank's capital flows to print out, that Bank statements, as a basis for the bank deposit book and the enterprise to check. Therefore, the bank statement is a bank and the enterprise two completely independent economic entities to check the same matter on the direct vouchers, from its objective existence and occurrence, the bank statement has a general objectivity.

(B) authenticity

The bank's business funds are carried out through the bank carry forward, the bank objectively recorded by hand, therefore, the bank issued a bank statement reflects the business flow of funds are real, from its legal point of view, the bank statement Is a legal proof of bank deposits, which is true and reliable.

(C) comprehensive

Bank statements objectively record the business occurred in each of the business receipts and payments of the situation, to fully and fully reflect the enterprise since the establishment of all funds running, from the content reflected, the bank statement has a comprehensive content。

The importance and purpose of bank reconciliation (1)

1, good at finding the problem.

2, monitoring Qi hands. Year end of the auxiliary materials, raw inventory thoroughly.

3, the end of the final accounts work highly attention.

4, reaffirm professional ethics and confidential work.

5, careful, careful, seriously the minimum requirements for accounting staff.

The importance and purpose of bank reconciliation (2)

First, to establish and implement the scientific concept of development, we must fully and accurately grasp the profound connotation and basic requirements of the scientific concept of development. Adhere to the people-oriented, is to achieve the comprehensive development of the people as the goal, from the fundamental interests of the people of development and development, and promote development, and continuously meet the people's growing material and cultural needs, and effectively protect the people's economic, political and cultural rights, so that the fruits of development benefit all the people. All-round development is to take economic construction as the center, comprehensively promote economic, political and cultural construction, to achieve economic development and social progress. Coordinated development, is to coordinate urban and rural development, coordinate regional development, overall economic and social development, coordination of man and nature and harmonious development, coordinate domestic development and opening, promote productivity and production relations, economic base and superstructure coordination, Political, cultural construction of all aspects, all aspects of coordination. Sustainable development, is to promote the harmony between man and nature, to achieve economic development and population, resources, the environment in harmony, adhere to the development of production, life is rich, good ecological civilization development path, to ensure the next generation to sustainable development The Third Plenary Session of the 16th CPC Central Committee clearly put forward, adhere to the people-oriented, establish a comprehensive, coordinated and sustainable development concept. This is the new central collective leadership on the development of the connotation of the development of the essence of the development of further deepening and innovation.

Bank transaction flow (cash book):

Bank bills are commonly known as bank card deposit and withdrawal transaction statements, also known as bank account transactions statements;

Refers to the customer in a period with the bank occurred in the deposit and withdrawal business transactions list.

The same time as

Bank statements:

The bank statement is a contact list for the bank and the enterprise;

But also, to confirm the business dealings;

But also, can be used as the basis for corporate financial flows;

And the most important thing is to determine the size of the enterprise a certain period, many places need a statement;

For example capital verification, investment and so on.

**Conclusion**

Accounting is a necessity for a variety of industries, it plays the role of tools, both large companies and small shops are needed. With the single change, the continuous progress of science and technology, the influence of capitalism led to the freedom of business activities without restrictions, so how to make good use of this tool to make you win in the trend of many entrepreneurs this became my key. Accounting and economic coexistence, the existence of economic places on the need for accounting. It indirectly promotes the operation of the entire company, and systematically manages, making the operation smoother and making management more comprehensive. He records all the trading activities and organizes the data.

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