h2 paa notes

hi guys so these are basic stuff needed that i've consolidated in order to do the basic stuff in exams, not so in detail but useful to remember, will do more detailed in the future

accounting concepts

monetary concept	money is used as the measuring unit in recording business transactions in order to have meaningful comparisons
accounting entity concept	all accounting transactions are recorded from the view point of the business whereas the owner's personal transactions should not be included in the books of the business
going concern	a business is assumed to have indefinite lifetime unless there is credible evidence that it is going to shut down
consistency concept	once an accounting method is chosen, it should be included in future books in order to make meaningful decisions
accounting period concept	the accounting period principle presumes that operating life of a business can be divided into specific time periods (3,6,9 months) to facilitate meaningful reporting and comparison
accrual basis of accounting concept	based on the accrual basis in accounting, goods or services which are provided or performed by the business, must be recorded in the relevant accounting books within the

	time period, regardless of whether cash is collected or not
revenue recognition concept	revenue is earned when services are provided/goods are delivered
objectivity concept	accounting information must be supported by reliable and verifiable evidence so that financial statements are free from biasness
historical cost concept	money values used in accounting should be derived only from factual events. assets and services acquired by the enterprise are recorded at the original cost of acquisition
prudence concept	provision should be made for all foreseeable losses but profits should not be recognised until their realisation is reasonably certain

source documents

sales invoice	inform credit customer of the amount the amount owed
debit note	inform credit customer of the increased amount owed (customer undercharged)
credit note	inform credit customer of reduction amount owed (customer overcharged)

payment voucher	records all payments by cash or cheque (pay money)
receipt	acknowledge cash payment received from customer (receive money)
bank statement	comes from bank to check and tally against business records
supplier's invoices	for purchased of goods on credit

accounting equation

assets = liabilities + equity

resources owned = resources supplied

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trial balance

debit - assets, expenses, sales returns, dividends

credit - liabilities, revenue, share capital

debit column = credit column

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financial performance

sales

less: sales returns

net sales

less: cost of sales

gross profit

other income

xxx

other expense

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financial statement

assets cost accumulated dep. nbv

non current assets

xxx

current assets

xxx

total assets xxx

shareholders equity and liabilities

shareholders equity

xxx

non current liabilities

xxx

current liabilities

xxx

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statement of changes in equity

share capital retained earnings arr total

beginning balance

issue of share capital

net profit

dividends

revaluation of assets

ending balance

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fifo table

	cost of goods	cost of goods	inv
date	purchased	sold	balance
xxx.	xxx.	xxx.	xxx