**PRINCIPLES OF ACCOUNTING**

**ACCT 101**

**ASSIGNMENT 1**

**Name:**

**I.D NO.:**

**CRN:**

**Q1.**Identify the users and uses of accounting information.

-Accountancy is the process of communicating financial information about a business entity to users such as shareholders and managers.

- Users of Accounting Information - Internal &External :

1- Internal : Management, Employees & Owners.

2- External : Creditors, Tax Authourities, Investors, Customers & Regulatory Authourities.

**Q2.**Identify the two main groups involved in establishing generally accepted accounting principles in the U.S.

1. Generally Accepted Accounting Principles (GAAP)
2. [Financial Accounting Standards Board](https://en.wikipedia.org/wiki/Financial_Accounting_Standards_Board) (FASB)

**Q3.**Identify and describe the four basic financial statements.

-Income Statement ,Cash flow statement, [statement of retained earnings](javascript:void(0))&[balance sheet](javascript:void(0)).

 Q**4**.A company purchased $7,000 of supplies and testing equipment on credit. Enter the appropriate amounts that reflect this transaction into the accounting equation format shown below.

|  |  |  |
| --- | --- | --- |
| Assets = | Liabilities + | Equity |
| $7,000 | $7,000 | $0 |

**Q5**. Flora Accounting Services completed these transactions in February:   
a. Purchased office supplies on account, $300  
b. Completed work for a client on credit, $500  
c. Paid cash for the office supplies purchased in (a)  
d. Completed work for a client and received $800 cash  
e. Received $500 cash for the work described in (b).  
Prepare journal entries to record the above transactions.

- The answer is :

a. office supplies= 300, accounts payable= 300

b. accounts receivable= 500, accounting services revenue= 500  
c. accounts payable= 300, cash= 300  
d. cash= 800, accounting services revenue= 800  
e. cash= 500, accounts receivable= 500