

Principles of Financial Accounting

Theory and Case studies



Colegiu științific:

Prof. univ. dr. Daniela Artemisa Calu

Prof. univ. dr. Chirața Caraiani

Prof. univ. dr. Liliana Feleagă

Prof. univ. dr. Corina Ioanăș

Prof. univ. dr. Horia Neamțu

Prof. univ. dr. Marian Săcărin

Prof. univ. dr. Aurelia Ștefănescu

Prof. univ. dr. Anca Tuțu

Prof. univ. dr. Eugeniu Țurlea

Conf. univ. dr. Viorel Avram

Conf. univ. dr. Aureliana Roman

Lect. univ. dr. Ștefan Bunea

Elena Mirela NICHITA

Principles of Financial Accounting
Theory and Case studies

Colecția Contabilitate

Editura ASE
București
2012



ACADEMIA DE STUDII ECONOMICE DIN BUCUREȘTI

Copyright © 2012, Editura ASE

Toate drepturile asupra acestei ediții sunt rezervate editurii.

Editura ASE

Piața Romană nr. 6, sector 1, București, România

cod 010374

www.ase.ro

www.editura.ase.ro

editura@ase.ro

Referenți:

Prof. univ. dr. Eugeniu Țurlea

Prof. univ. dr. Daniela Artemisa Calu

Descrierea CIP a Bibliotecii Naționale a României

NICHITA, ELENA MIRELA

Principles of financial accounting : theory and case studies /

Elena Mirela Nichita. – București : Editura ASE, 2012

Bibliogr.

ISBN 978-606-505-520-9

657.41/.45

Editura ASE

Tehnoredactor: Violeta Rogoian

Coperta: Violeta Rogoian

Autorul își asumă întreaga responsabilitate pentru ideile exprimate,
pentru originalitatea materialului și pentru sursele bibliografice menționate.

Contents

Foreword	
Welcome to the World of Accounting	7
Chapter 1	
Introduction to Accounting.....	9
Chapter 2	
The Financial Statements	39
Chapter 3	
Statement of Cash Flows	70
Chapter 4	
Capital and Reserves	93
Chapter 5	
Non Current Assets.....	110
Chapter 6	
Current Assets.....	136
Chapter 7	
Current Liabilities	158
Chapter 8	
Revenues and Expenses	167
Chapter 9	
Financial Statement Analysis.....	177
Glossary of Terms	189
Common Abbreviations used in Business	202
Chart of Accounts	203
References	215

Foreword. Welcome to the World of Accounting

You likely have a general concept of what accountants do. They capture information about the transactions and events of a business, and summarize that activity in reports that are used by persons interested in the entity. But, you likely do not realize the complexity of accomplishing this task. It involves a talented blending of technical knowledge and measurement artistry that can only be fully appreciated via extensive study of the subject. The best analogy is to say that you probably know what a heart surgeon does, but you no doubt appreciate that considerable knowledge and skill is needed to successfully treat a patient.

In this book, you will begin your study of accounting by looking at the overall structure of accounting and the basic anatomy of reporting. Be advised that, a true understanding of accounting does not come easily. It only comes with determination and hard work. But, if you persevere, you will be surprised at what you discover about accounting. ***Knowledge of accounting is very valuable to business success. And, once you conquer the basics, accounting is actually quite an interesting subject.***