

QUICK
PRACTICE
BASIC
ACCOUNTING

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Preface

The aim of this book is to allow students to understand basic accounting concepts and practise through practical exercises. After many years of teaching several accounting courses to various undergraduates accounting and non-accounting students, we believed that there was a need for a book that can provide various exercises for non-accounting students to better understand this course and able to pass their accounting paper's examination with flying colours. Many textbooks provide detailed description of accounting treatments and practices, however, this book is written mainly to provide students with many different types of questions in order to help them prepare themselves for the examination. The topical questions are arranged in a manner that can help the students to understand better the basic accounting topics.

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Types of Business and Accounting Concepts

LEARNING OBJECTIVES

After completing this topic, students should be able to:

- Identify the different types of businesses
- Explain characteristics of the different types of businesses
- Explain the basic accounting concepts and conventions
- Apply the various accounting concepts in different scenarios

ESSENTIAL NOTES

Types of Businesses

In Malaysia, there are several types or forms of businesses. In accounting field, the various types of business can be classified into three major forms namely sole trading or sole proprietorship, partnership and company or corporation. Sole trading is a business that is owned and managed by a single or sole owner. The owner of this type of business is entitled to all profits generated by the business operation and at the same time will have to bear all losses made by the business. Partnership is a form of business where two or more persons combine their funds and own the business. A formal agreement has to be made in order to describe the partners' capital contributions as well as the share of profit and loss of the business among the partners. Company is a body that is formed by the provision of an act (the Companies Act 2016). The business is owned by a group of owners known as shareholders who contributed capital to the company by shares buying activities. Company can be classified into two: a limited liability company and an unlimited liability company. The company can also be categorised into a private company or a public company.