

Introduction to Accounting

Accounting is the process of recording, classifying, and summarizing financial transactions. It helps businesses track income and expenses, ensuring accurate financial reporting. For economists, understanding accounting is essential because it provides data that can be analyzed to make informed decisions about production, investment, and policy.

There are two main types of accounting: financial and managerial. Financial accounting focuses on creating reports for external users such as investors and regulators. Managerial accounting provides information for internal use, helping managers plan and control operations.

Simple Past Grammar Focus:

In accounting, we often describe past events. For example: "The company recorded its expenses last month." "They issued the report in March." These sentences use the simple past tense, which is formed by adding -ed to regular verbs or using the second form of irregular verbs.

Questions

1. What is the main purpose of accounting?
2. Name two types of accounting and their primary users.
3. Why is accounting important for economists?
4. What does financial accounting focus on?
5. What kind of information does managerial accounting provide?

Grammar Questions (Simple Past):

6. Write a sentence using the simple past tense to describe a financial action.
7. Identify the verbs in simple past tense: 'The company issued the report and recorded the

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expenses.'

8. Change this sentence into simple past: 'They analyze the data every week.'