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Introduction To Accounting.

- Accounts: Accounts gives the rule & regulation which used for maintaining books of accounting.

♥ Three Accounts can be classified into two categories:

i.) Traditional Approach
ii.) Modern Approach

ⓐ Traditional Approach

{Accounts.}

→ personal accounts

→ Impersonal accounts

Personal accounts refers to those accounts which maintain for the transaction where person user involve.

There account where person not be involve. It's denotes all activities related to Business concern.

Personal accounts →

- Artificial personal accounts
- Natural Personal accounts
- Representatives personal accounts

ⓐ Artificial personal accounts: The person who made by another person are as artificial person. eg: form, name of organisation.

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(b) Natural personal accounts:
The person who wate himself or emerge in nature with Self.
eg- Coal mines, Natural gas resources, Ram, Mohan, Name of person, etc.

(c) Representatives personal accounts:
(meaning) Represent to any person for recipt or payment of Income of Expenditure.
eg- Advance Income.
Advance Expenses.
Outstanding Expenses.
accured Income
Broker
Agent.

Impersonal account

Real account
(संपत्ति) assests

Nominal account

Tangable
All the assests which are exit in the farm for use in touch, sale, purchase, see and everything with seperately.

Non-tangable
The assests which are not sale or purchase seperately only exist in for realised/ amazing are called non-tangable assests.

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eg→ Land,
Building,
Furniture,
Stock,
cash,
Bank balance.

eg→ Good will,
copy right,
Patent,
Royality.
Trademark.

Note: All those not together assets Increase the financial position of the firms its never use for sale separately.

Nominal Account: All the Revenue transaction are involved in nominal account.
eg→ Expenditure – Income
loss → Profit
Sacrifice → Gain

- Old ration → New ratio = Sac Ratio.
- New ration → old ratio = Gain Ratio.

(b.) Modern approach
There were five types of accountancy in modern approach.

i.) Capital account.
ii.) Lability account.
iii.) Assets account.
iv.) Income account.
v.) Expenditure account.

i.) Capital account: Referred of those accounts which maintain for the purpose of starting of business organisation. Its may be classified

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into two categories:

(a) fixed capital account → when the capital of the farm remain unchange and is not effected by any profit or losses but if original capital work reduced its may be increased up to those original accounts.

fixed capital also divided by with two category:
(a) sighn change arrangement,
(a) capital account, (b) current account.

(b.) current account: Under current A/C all the adjustment are adopted with capital A/c, like as capital increase if the form make profit and if form gets lost.
The capital of those form will be decrease under the current account only one capital A/C are creatent and its contains all those statements which are trangent in the form during the yesterday.

{Current Account}

	Dr.		Cr.
To Profit & loss	✓✓✓	By Balance b/d (old current A/c)	✓✓✓ ✓✓✓
To Salary paid	✓✓✓		
To Interest paid	✓✓✓	By Int. on cap	✓✓✓
To withdraw up	✓✓✓	Salary.	✓✓✓
		By P&L A/c.	✓✓✓
To Bap c/d	✓✓✓	By General reserve	✓✓✓
Decrease	✓✓✓	Increase	✓✓✓

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Opening → Balance b/d
↓ brought down

closely → Balance c/d
↓ carries down

If capital ⇒ Income (p) Increase
" " ⇒ Loss (L) Decrease

{Transaction of Goods & Purchase:}

1.) Goods sold to Deepak
Goods, Deepak.

2.) Goods sold with cash
Goods, cash.

3.) Furniture ~~Purchase~~ with cash
furniture, with cash.

4.) Salary paid to ~~Mohan~~ (work) cash
Salary,

5.) Rent paid to Land ~~lord~~ (Cash)
Rent, ~~lord~~ (cash).

6.) ~~Purchase~~ machinary from H. Ltd. Credit
machinarey, H.Ltd - credit.

7.) Goods ~~Sales~~ to Ram (allowed discount)
Goods, Ram.

8.) Give order to supplier for purchase of goods.
No transaction.

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1.) If goods were purchase or sales then goods never use in transaction.
Here sales & purchase are use for recording

2.) Goods → The object which are purchase for the purpose of sale.

3.) No transaction made for any order.

4.) If Exp/Income were paid or receipt then cash will be hidden in transaction - Then with Exp/Income cash also be recorded.

Evolution and Development of Accounting:

- Accounting had ~~Development~~ evolved in a manner similar to law, medicine and most other fields of human activity. It is an ancient art and old as money. It is an analysis art but we are of the opinion that same. Because no separate rule bring of the accounting.

- Accounting must be prevalent during the barter system Otherwise the exchange of article was not possible. In the exchange of article one can see the basic features of giving the benefit and receiving the benefit.

- Kautilya who was famous Arthshastra not only relates to politics and economic but also explain the art of accounting keeping practices in India.

classmate

Date
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- Modern System of accounting owes its origin to Lucas paciali, an italian and mathematician and philosopher of venice. paciali is looked upon as the father of modern accounting.

- The Summa De. Arithimetic geometry proporation at proportionality Was published in 1494.

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o **Book keeping:**

Book keeping is the process of recarding the financial transaction and event of a business. It is apart of accounting and its involve indentification, majorment, recording and classfying the transaction through ledger.

Book keeping is concerned with the recarding of business transaction. It's made in a significant an ardinary manner in a set of box on the basis of certain rule:

Book keeping is the combinations of two words: "Booktkeeping which means recarding all transaction with adopting certain rules and them maintain all transaction with adopting certain rules and than maintain into ledger far future use."

"According to J.R. Batti Book keeping is the art of recarding business transaction in a books of account."

"According to R.N. carter Book keeping is an art & science. Its correctly recarding all the transaction in the books of accountes."

Conclusion:

On the basic of all above definition we say that book keeping is an art of recarding business transaction in the books of accounts as monetary aspect.

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Characteristics of Book keeping:

The main characteristics of Book keeping are as follow:

i.) Book keeping recorded in monetary form.
ii.) Book keeping involve all business transaction like as purchase, sale, income, Expenditure, payment and recipt.
iii.) Under book keeping business transaction are recorded as per rules on regular basic.

iv.) Book keeping processed is used by all types of business organisation.

v.) Book keeping prepare for knowing the position of business organisation.

vi.) It's involve journal, ledger, trial-balance, balance sheet, etc...

vii.) Accounts are prepared according to english ledger and Indian ledger system.

Objects of Book keeping:

following are the objects of book keeping:

(i.) Keeping records of Business transaction.
(ii.) Make knowledge possible of economic condition.
(iii.) To make aware of Business Trends.
(iv.) find out the causes of profit and loss.
(v.) To make rights forecast of tax.
(vi.) Aquire knowledge of position of Business.
(vii.) Aquire knowledge of assets and labilities.
(viii.) Helpfull in Business decision make your own.

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❀ Accounting :- Accounting is the process includes indentifying, classifying, measuring, and communicating any economical transaction

"According to R.N. Anthony"

Accounting System is a means of callecting, summerising, analaysing and reporting in the monetary time for a business.

✩. According to American Accounting principal board (1970). (A.A.P.B) :-

"Accounting is the service activity and its functions is to provide quantative and about economic intentity which are useful for taking decision."

- Aspect of Accounting definition
  In order to appreciate the nature of accounting it is necessary to understand different aspects. These aspects are described as follow:

i) Economic Event: It is necessary for a accounting definition is that business organisation consists of transactions in economic monetary.
ex: purchase of goods And Services, Sale of goods and Services, purchase of assets.

ii) Identifications of business transactions: for accounting identify that transaction which with

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represent the organisation as in term of financial nature.

iii) Measurement : Measurement means quantification of business transactions into financial terms, by using monetary unit.

iv.) Recording and Summerising : After identification of accounting data the economic event in financial are recorded in the books of accounts And after records the transaction is neccesary to summarise as per well accounting procedure

v.) Communication : The economic event are measured identifying and recorded in such a manner that of the neccesary event information and other is external & internal user of information. Here, these report provide information about all user and its helpful for create a commenicat between them.

vi.) Organisation : Accounts gave information regard the business organisation that what is the position of business and status of their profit.

vii.) Intrested user of Information : There were various region for interested in business accounting record they are investor, creditor, banker, financer, worker, trade unions and trade associations.

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Accountancy

Refer to the entire body of the theory and practice of accounting. A Accountancy is the sole of entire accounting system. Its mention the rules and regulation which are used to prepare an accounting records. Its explain how to maintain the books of accounts, how to summarise the accounting information and how to communicate with various users. Its consist all principal and technique which are used in accounting.

{Accounting Cycle}

1.) Voucher
2.) Journalising
3.) Posting into ledger
4.) prepare cash book
5.) prepare Sales book
6.) prepare Sales return book
7.) prepare Purchase book
8.) prepare Purchase Return book
9.) prepare B/R book (Bills receivable)
10.) prepare B/p books (Bills Payable)
11.) prepare journal proper
12.) Trial Balance
13.) Trading account
14.) profit and loss account
15.) Balance Sheet

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- Objectives of accounting The main objectives of accounting are as follow:

i.) Accounting keep all financial transaction in Systematic form.

ii.) • Its keep complete record of all financial transaction.

iii.) Its useful for calculate ~~less~~ net profit or loss during a Specific period.

iv.) Its helpful ~~of~~ to a certain ~~its~~ the financial position of the business.

v.) Accounting provide information to various group and user.

vi.) Accounting make easy for taking decision.

vii.) Accounting aim to meet Various legal requirement

H.W. (Account in modern approach.)

Q.) Choose Real, Personal and Nominal. Account from following transaction.

i.) Ram (Start a business) with cash.
Ram – personal (capital); cash – Real (Assets)

ii.) Purchase goods from manghi.
Purchase – Nominal (Exp.); manghi – personal (liabilities)

iii.) Purchase furniture from V. mart.
furniture – Real (Assets); V. mart – personal (liabilities)

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iv.) Purchase goods from Shyam with cash.
Nominal (Exp.) — Real (Assets)

v.) ~~Purchase~~ Sold goods to Hari.
Nominal (Revenue) — personal (Assets)

vi.) Cash Receipt from Hari.
Real — personal

vii.) Cash paid to Manghi.
Real — personal

viii.) Salary paid to workman with cash.
Nominal — Real

ix.) Rent paid to land lord with cash.
Nominal — Real

x.) Commision receipt with cash.
Nominal — Real

xi.) Open a bank account with cash deposits.
Nominal — Real

Modern approach:

i.) Capital
ii.) Liabilities
iii.) Assests
iv.) Revenue / Income
v.) Expenses.

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Advantages of accounting

- Accounting is useful for any types of advantages. The main advantages of accounting are as follows:

i.) Accounting help for the preparation of accounting, financial statement that is statement of profit & loss, balance sheet and Cash flow statement.

ii.) Accounting have helpful in the management farm manage the business.

iii.) Accounting is used as a proof in the court of law.

iv.) Accounting provide systematic record a business transaction.

v.) with the help of accounting every business organisation calculate their taxable amount.

- Types of ~~accounts~~ accounts:

There are three types of accounting:

i.) Cost accounting.

ii.) financial accounting.

iii.) Management accounting.

ii) financial accounting in the original form of accounting it concerned with recording, classifying, summarising transaction. The main task of financial accounting is to prepare of income statement and financial statement it is the main work of accounting.

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ii) Cost accounting is used by those organisation who are involved in production of services or goods. The main purpose of cost accounting is to a certain the cost of production.

iii) Management accounting is concerned in accounting information which is useful to the management for formulating, operating, and controlling the business operation. It is the part of accounting system which facilited the management process of decision making.

- Limitation: forming at a limitation of accounting.

i.) Its record only those transaction which can be measured in term of money.

ii.) Accounting is based on historical cost. Not in market price.

iii.) Its based on personal judgment.

iv.) Sometimes accounting information is based on estimate so its not gave exact result.

v.) Accounting may lead to window dressing.

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A. Some Important word related to Accountancy

1) Capital: The amount which invested by properitor of the firm in their business.

The Excess of Assets over liabilities is called Capital.

(1.) Capital = Assets - liabilities

(2.) Assets = Capital + liabilities

(3.) liabilities = Assets - Capital

Capital : Opening amount

Add : Additional Capital
Add : profit earned
Total ✓✓✓

Less : withdraw
Less : loss / Exp. ✓✓✓
Closing - Capital ✓✓✓

- Liabilities : liabilities refers to those amount which are payable in future.

It is in the form of loan, Creditor, bills payable, Debenture, Outstanding, Expenses Advance Income, etc.

Loan,
Creditor,

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Bills payable,
Debenture,
Outstanding,
Expenses,
Advance Income,
etc.

- Debenture: Debenture is a paper which issue by the Company to public for taking loan in open market.

There are two types of liabilities

i) Long Time liabilities: The liabilities which taken by the firm for purchase of fixed assets. i.e which payable after 1 year.

ii) Short Time Liabilities

or

Current liabilities → Short term liabilities refer to those liabilities which taken/ arise for the purpose of making working Capital. It is payable with in 365 days.
(0 days to 365 days). {end}