Chapter -7

Accountancy

① Meaning. scope. and Rule of Accounting
② Accounting. Concept and convention
③ Accounting as information system
④. Recording of Transaction in Journal and ledgers
⑤ Trial Balance preparation of final Account.

Meaning

→ language of Business.
→ .performance is Reported. and evaluated in financial term.
→ Knowledge is useful for personal investment and tax planning as well.
→ It is not ~~not~~ necessary to become account.
→ But it is very usefull if everyone understand the accounting and financial concept and terminology property.

Scope

→ It assists in management
→ will help in planning .organization and Control of business.
→ leads to increase.
→ Profit maximization.

~~are~~ The aim of accounting is to provide information regarding the .
① Profitability
② liquidity

~~Of~~ An enterises for the users of account

① Directors
② Share holders
③ bankers
④ suppliers
⑤ employes / trade unions
⑥ tax authorities

As an aid for Decision making.

→ financial Accounting Cost accounting and management accounting.

→ Let us understand the similarities and difference in these three streams of accounting

financial Accounting

→ Recording of financial Transaction
→ Reporting of financial Results
→ Preparation of financial statements
→ Targeted to external users.

Cost Accounting

* ~~Recording of Costs~~ → Recording of Costs
→ Analysis of Costs
→ Preparation of Cost Statement
→ Targeted to internal users.

Management Accounting

→ Targeted to internal users. All levels of management.
→ This is a broader concept encompasses financial and Cost Accounting.