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Short Summary

1. Meaning of Accounting
- Accounting is the Process of identifying, measuring, Recording & communicating financial information.
- It helps in Decision-making for users like owners, investors, creditors, etc.

2. Function of Accounting
- Recording transactions [Bookkeeping]
- Classifying Data (into categories)
- Summarizing (like trial balance, P&L)
- Analyzing & interpreting Results.
- communicating information to stakeholders

3. Objective of Accounting
- To maintain systematic Records
- To Determine Profit or loss
- To show financial position through balance sheet
- To Assist in Decision making

4. Branches of Accounting
- Financial Accounting - Records External transactions
- Cost Accounting - controls & Reduces costs
- management Accounting - for internal Decision making

5. Users of Accounting information
- internal Users: owners, management, Employees
- External Users: Investors, creditors, goverment Public

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Qualitative characteristics of Accounting info.

Realiability
Relevance
Understandability
Comparability

Systems of Accounting

Cash system - only when cash is Received or Paid
Accrual system - Records incomes & Expenses when they are earned / incurred (used in companies)

6. Bases of Accounting

- Cash Basis
- Accrual Basis