



FINANCIAL ACCOUNTING

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WHAT IS ACCOUNTING

Accounting is a systematic record of the daily events of a business. It leads to presentation of a complete financial picture. Accounting in its elementary stages is called bookkeeping.



OBJECTIVES OF ACCOUNTING

- **To provide information about the whole activity of the business enterprise both to the owners and the external groups.**
- **To provide useful information to investors and creditors, so that they can take decisions on investment and lending.**
- **To effectively direct and control the organisation's human material resources.**
- **To facilitate social functions and control**
- **To provide information regarding accounting policies.**



CLASSIFICATIONS OF ACCOUNTING

Financial accounting - Generally , accounting denotes the financial accounting. the main purpose of financial accounting is to record the business transactions in the books of accounts which enables the business to know the results.

Cost accounting - I.C.M.A london, defines cost accounting as "an application of accounting and costing principles, methods and techniques in the ascertainment of cost and the analysis of saving and / or excesses as compared with past or with standards".

Management Accounting - It is the method of accounting which is useful for managerial decisions.



METHODS OF ACCOUNTING

Cash system of accounting - In cash system of accounting entries are made only when cash is received or paid.

Mercantile system of accounting - In Mercantile system of accounting entries are made in the basis of amount having become due for payment or receipt.



SET OF BOOKS

Set of books include the following :

- Journal
- Subsidiary Books
- Ledger
- Trial Balance
- Final Accounts

THANK YOU