

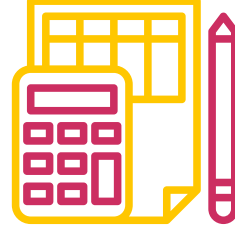
Theoretical Framework

Meaning of Accounting

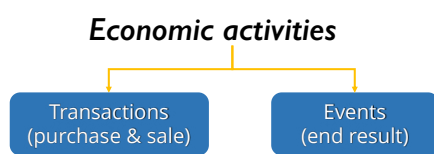
What is Accounting ??

Maintaining A-Count = Account

of what??
= Business transactions



Business transactions ???

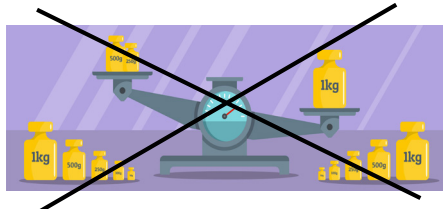


Going Back

Accounting = Language of business

Process of Accounting

1. Identification of business transactions



Process of Accounting

2. Measuring the identified transactions

Unit of measurement = Money
Sale of goods worth = ₹ 1000

Process of Accounting

3. Recording the measured transactions



Where?????

Books maintained

Why?????

Memory ???



Classify = put similar things together in a group

Process of Accounting

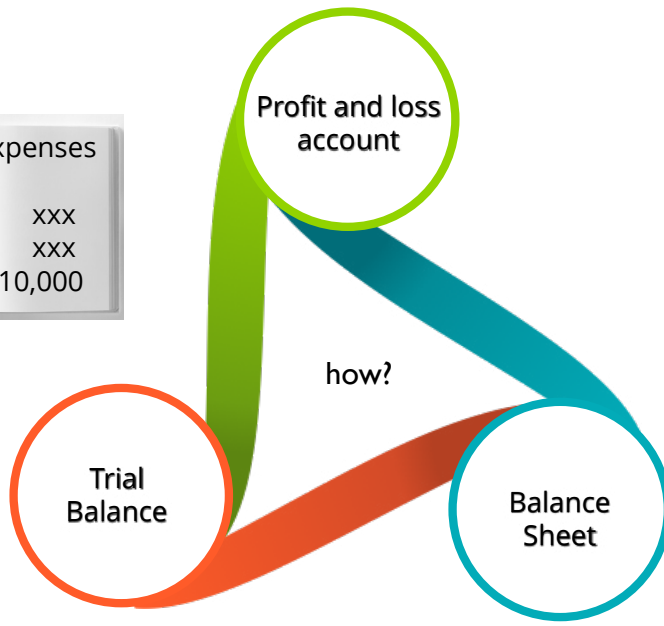
4. Classifying the recorded transactions:

Process of Accounting

5. Summarising the classified transactions

Summary – total and conclusion

Advertise	Expenses
-----	xxx
-----	xxx
Total	10,000



Process of Accounting

6. Analyse and interpret the summarised transactions

What to analyse ???

How???

Analyse -

Whether correct
anything left out
compare

Interpret -

Understand what it means
Result
impact

Process of Accounting

7. Communication of the interpretation :

End result = Profit / Loss???



Inform the interested people

Who?

Objectives of Accounting

Systematic recording of transactions

Permanent record

Ascertaining the results

Ascertaining the financial position

Providing information

Knowing solvency position

Evidence in court

Facilitates comparison