

AN INTRODUCTION TO ACCOUNTING

Dr. Nazaquat Husain
Associate professor in commerce
Govt. Degree College
Bhojpur (Moradabad)

Declaration

The content is exclusively meant for academic purposes and for enhancing teaching and learning. Any other use for economic/commercial purpose is strictly prohibited. The users of the content shall not distribute, disseminate or share it with anyone else and its use is restricted to advancement of individual knowledge. The information provided in this e-content is authentic and best as per my knowledge.

Accounting Principals

- According to the American Institute of Public Accounts “ Accounting Principals are the general Laws or rules adopted professed as a guide to action. It is based of conduct and practice.
- **Characteristics of the Accounting principals**
 - 1 These rules are based on the custom, usages and traditions.
 - 2 These principals are dynamic and not fixed or rigid.
 - 3 They are designed to make accounting data provide objectivity, application, usefulness and simplicity to its users.

Kinds of Accounting Principals

Concepts

1. Entity Concepts
2. Cost Concept
3. Going Concern Concept
4. Accounting period Concept
5. Money Measurement Concept
6. Dual aspect Concept
7. Accounting Equation
8. Matching Principals
9. Verifiable Objects
10. Realization Concept
11. Capital Concept
12. Accrual Concept
13. The Legal Position

Conventions

1. Disclosure convention
2. Materiality Convention
3. Consistency Convention
4. Conservation Convention

Double Entry System

- According to William Pickles, “Every business transaction has two fold effects and it affected two accounts. In order to keep complete record of a transaction , one bound to be debited and the other is bound to be credited. Recording this two fold effect of each transaction is called as Double Entry System.
- Characteristics of Double Entry System
 1. Effects on two accounts or parties
 2. Simultaneous Recording
 3. Contra position of two accounting
 4. Definite rule of Recording
 5. Two aspects of transactions.

Objectives of double Entry system

1. To facilitate the verification of accuracy of accounting
2. To know the position of profit or loss and the financial results with the help of Trial Balance
3. To know progress of the business at the end of each accounting period
4. To check and control misappropriation and defalcation by employees.
5. To have proper and systematic record of business for future reference

Types of accounts

Accounts denotes the date-wise record of all the dealing pertaining to a particular person, party, property, goods, services, expenses, income, gains and losses in one head at one place according to certain rules

Types of Accounts

Personal Accounts

1. Natural person
2. Artificial person
3. Representative person

Impersonal Accounts

1. Real Accounts (Tangible Assets and Intangible Assets)
2. Nominal Account

Rules for Debit and Credit

- Real Account (Debit What Comes in and Credit What Goes out)
- Personal account (Debit the Receiver and Credit the Giver)
- Nominal Account (Debit All Expenses and Losses and Credit All Incomes and gains)

Thanks