

WHAT IS MEANING OF ACCOUNTING

Accounting is the systematic process of recording, reporting, and analyzing the financial transactions of a business to know its financial position and performance.



WHAT IS MEANING OF TRANSACTION

Transfer of goods and services between buyer and seller in term of money.

1. Rahul sells a notebook to Priya for ₹150.
2. Rahul pays ₹500 as salary to Ramesh.
3. Furniture purchased at rupees ₹10000.
4. Ankit buys books worth ₹400 from XYZ Traders.
5. Goods sold to aniket ₹50000.



WHAT IS NEED OF ACCOUNTING



To keep track of money

Know how much money comes in and goes out.

Example: Sold goods for ₹500 and recorded it.

To know Profit or Loss

Check if the business is making money or losing.

Example: Earned ₹1000, spent ₹700 → Profit ₹300.

To help in decision making

Plan and control business activities.

Example: Sales are low, so the owner decides to advertise more

To follow the law

Maintain proper records for taxes and legal purposes.

Example: Record income to pay correct taxes.

OBJECT OF ACCOUNTING

**Systematic
recording of
transaction**

**Ascertainment
the Result of
recorded
transaction**

**Ascertainment
of the Financial
Position of the
business**

**To Complete
legal compliances
on time**

Few Important Words In Accounting or Terminology

WORDS	MEANING	WORDS	MEANING	WORDS	MEANING
Cash	नगदी	GST	गुड्स एवं सर्विस टैक्स	Credit	ऋणी
Bank	बैंक	Income Tax	आय कर	Debit	धनी
Sale	बेचना	Bills Receivables	प्राप्तियाँ	Purchase return	खरीद वापसी
Purchase	खरीदना	Bills Payables	देनदारियाँ	Sale return	बिक्री वापसी
Capital	पूंजी	Salary	वेतन	Profit (Gross/Net)	हसकल/शुद्ध लाभनि
Liabilities	दायित्व	Rent	किराया	Loss	हानिय
Assets (Current/Fixed)	धन + दौलत	Ledger Income	खाताबही	Income	आय
Stock (Opening/Closing)	(प्रारम्भिक / अंतिम)	Trial Balance	तलपट	Expenses	खर्चे
Debtors	देनदार	Rebate & discount	छूट	Freight & cartage	भाड़ा/चुंगी
Creditors	लेनदार	Commission	कमीशन	Loan	ऋण

To/From/By

Income

GOLDEN RULES OF ACCOUNTING



Personal Account

Debit the receiver,
Credit the giver

Example:

Paid supplier A → A's Account
Debit Bank Account Credit

Net cash used in financing	4,186	14,355	12,380	
Financing				
Short-term debt maturities of 5	0	(1,000)	0	(186)
Common stock issued	208	660	544	837
Common stock repurchased	(1,042)	(5,052)	(2,976)	(9,451)
Common stock cash dividends paid	(1,683)	(1,363)	(3,024)	(2,481)
Net cash used in financing	(2,513)	(6,751)	(5,382)	(7,390)
Investing				
Additions to property and equipment	(498)	(491)	(934)	(1,055)
Acquisition of companies, net of cash acquired, and purchases of intangible and other assets	(8,627)	(69)	(9,502)	(69)
Purchases of investments	(10,047)	(5,896)	(21,346)	(13,313)
Maturities of investments	6,061	1,836	8,886	2,706
Sales of investments	7,835	2,603	15,371	4,030

Real Account

Debit what comes in,
Credit what goes out

Example:

Bought furniture cash → Furniture
Account Debit Cash Account
Credit



Nominal Account

Debit all expenses & losses,
Credit all incomes & gains

Example:

Paid rent →
Rent Account Debit Cash/Bank
Account Credit