1.OBJECTIVES To Know the Solvency Position Vakoub Objectives of Accounting Providing Information to the Users for Rational Decision-making Systematic Recording of Transactions Ascertainment of Results of above Transactions Ascertain the Financial Position of Business Financial Accounting Financial Accounting is based on the monetary transactions of the enterprise.The capital assets which have no physical existence and whose value is limited by the rights and anticipated benefits that possession confers upon the owner are known as intangible Assets, e.g. Goodwill, Patents, Trademarks, Copyrights, Brand Equity, Designs, Intellectual Property, etc.DEFINITION Definition by the American Institute of Certified Public Accountants (Year 1961) "Accounting is the art of recording, classifying and summarizing in a significant manner and in terms of money, transactions and events which are. are, in part at least, of a financial character, and interpreting the result thereof".s to confirm or witness (vouch) for some ach) for some o A voucher is a document that shows goods have been bought or services have been rendered, authorizes payment, and indicates the ledger account(s) in which these transactions have to be recorded, Receipt Voucher Payment Voucher Types o of Vouchers Non-Cash or Transfer Voucher Supporting Voucher (i) Receipt Voucher A receipt voucher is used to record cash or bank receipt.Steps/Phases of Accounting Cycle The steps or phases of the accounting cycle can be developed as under Yakou Recording of Transaction Financial Statement By Dr Benziane Journal Ledger Closing Entries Trial Balancu Adjustment Entries Trial Balance A. Recording of Transaction.The concept of Debit and Credit In double-entry book-keeping, debits and credits (abbreviated Dr and Cr. respectively) are entries made in account ledgers to record changes in value due to business transactions.INTRODUCTION Business is an economic activity undertaken with the motive of earning profits and maximising the wealth for the owners.The business activities require resources (which are limited & and have multiple uses) primarily in terms of material, labour, machinery, factories and other services.Its main focus is on recording and classifying monetary transactions in the books of accounts and preparation of financial statements at the end of every accounting period.THE CONCEPTS OF 'ACCOUNT', 'DEBIT' AND 'CREDIT The concept of Account o An account is defined as a summarized record of transactions related to a person or a thing eg. when the business deals with customers and suppliers.Debit is derived from the Latin word "debitum", which means 'what we will receive'. It is the destination, that enjoys the benefit. Credit is derived from the Latin word "credre" which means 'what we will have to pay'.This study material aims to give a platform to the students to understand basic principles and concepts, which can be applied to measure the performance of business accurately.Management Accounting Management Accounting is primarily based on the data available from Financial Accounting It provides the necessary information for the management to assist them in the process of planning controlling, performance evaluation and decision- making.Accounting Cycle When the complete sequence of accounting procedures is done which happens frequently and is repeated in the same directions during an accounting period, the same is called an accounting cycle.All the adjustment entries are to be recorded properly and adjusted accordingly, before preparing financial statements.(c) It is due to be realised within 12 months after the Reporting Date, or (d) It is Cash or Cash Equivalent unless it is restricted from being exchanged or used to settle a Liability for at least 12 months after the Reporting Date.(a) Cash receipt voucher - it denotes receipt of cash (b) Bank receipt voucher r-it indicates receipt of cheque or demand draft (ii) Payment Voucher A payment voucher is used to record a payment of cash or cheque.These accounts are related to expenses or losses and incomes or gains e g. Salary and Wages A/c.The source account for the transaction is credited (an entry is made on the right side of the account's ledger) and the destination account is debited (an entry is made on the left).i.c. (a) Cash Payment voucher - it denotes payment of cash (b) Bank Payment voucher - it indicates payment by cheque or demand draft.(iii) Non-Cash Or Transfer Voucher These vouchers are used for non-cash transactions as documentary evidence.(iv) Supporting Vouchers These vouchers are the documentary evidence of transactions that have happened.Types of Accounts By Dr Accounts Personal Natural Artificial Representive Real Nominal Tangible Integible (1) Personal Account.(b) The persons could also be artificial persons like companies, bodies corporate or associations of persons or partnerships etc.Depending on their physical existence or otherwise, they are further classified as follows: (a) Tangible Real Account - Assets that have physical existence and can be seen, and touched.This team is often referred to as an organisation, which could be in different forms such partnership, body corporate etc.Recording of business activities has to be done scientifically so that they reveal the correct outcome.Reports should always be supported by relevant figures and it emphasizes on the objectivity of data.All journals are posted into the ledger chronologically and in a classified manner.Creditors are generally classified as Current Liabilities.rus s as sole proprietorship.(ii) Doubtful Debts.3.1.2.2.?