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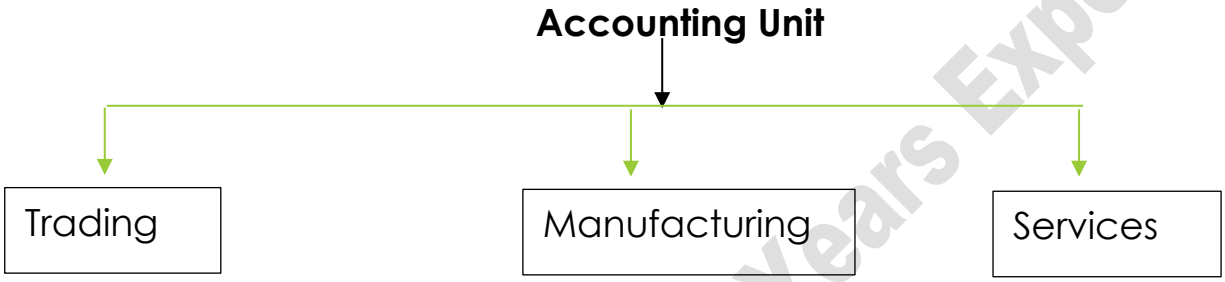
Special Classes:- Computer Science (11th & 12th) -JAC & CBSE Board , ADCA+ with GST Return , Income Tax, & Advance Excel

Chapter 1:- Introduction of Accounting

Topics
What is Accounting?
Types of Accounts and Define
Some Basic Important Definitions

WHAT IS ACCOUNTING?

Accounting is the process of keeping track of **all financial transactions (लेनदेन)** within a business.



WHAT NEED OF ACCOUNTING?

- The systematic **Recording, Reporting & Analysis (विश्लेषण)** of Financial Transaction of a Business.
- Before starting any business, it is necessary to get the business **registered**.
- In the eyes of **LAW** (कानून)
- **Analysis** Purpose
- **Decision** Making.

OBJECT OF ACCOUNTING?

- **Systematic** (**व्यवस्थित**) **recording** of transaction
- Preparation of **Tax Returns**
- Providing Necessary information to **financial Reports**
- Complete the **Legal Compliances on time.**

Types of Accounts

- Personal Accounts

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- Real Accounts
- Nominal Accounts

Note:- Capital Accounts

Personal Account

These accounts are related to the name of individual, college, Institute, bank, trust, company, hospital which are called personal accounts. Example: - Uttam Traders, Tata, Bank of India, Riya Store etc.

Rule for this Account

- Debit the receiver.
- Credit the Giver.

Real Accounts

These account types are related to **assets or properties**. They are further classified as Tangible assets and Intangible assets. Example: - Building, Cash, furniture, Typewriter, Printer, Land, Goodwill, Patent, Copyright, Trademark, etc.

Real Account Rules

- Debit what comes into the business.
- Credit what goes out of business.

Nominal Account

These account types are related to **income or gains and expenses or losses**. For example: – Rent A/c, commission received A/c, salary A/c, wages A/c, conveyance A/c, etc.

Nominal accounts Rules

- Debit all the expenses and losses of the business.
- Credit the incomes and gains of business.

Capital Account

capital is the money or assets that a business uses to start, run, and grow is called **Capital Account.**

Note :- Capital Account is always **Credit**

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SOME BASIC IMPORTANT DEFINITIONS

- **LIABILITIES (देनदारियों):** - It is the amount which a business owes or has to return. usually, a sum of money **e.g. loans taken from banks etc.**
- **DEBTORS (देनदार):** - Sold goods on credit to any party. and receive money from any party.

Eg :- Sold goods on Credit to Ram. Received from Ram.

- **CREDITORS (लेनदार):** - purchased goods on credit form any party and amount is payable is called a creditor.

Eg:- Purchased Goods from Shyam. Paid to Shyam.

- **BAD DEBT (डूबंत ऋण):-** An amount due from a debtor but not likely to recover from him. e.g. An amount of Rs. 5000/- is receivable from Mr. Sohan but he is unable to pay the amount back is called Bad debt.
- **DRAWINGS : -** Money or goods withdrawn from business for personal use.
- **PETTY CASH (फुटकर रोकड़ राशि) :-** Petty cash is used for making of small payments such as postal courier charges, staff welfare expenses.
- **Assets (संपत्ति).** Anything Which will enable a business enterprise to get cash or a benefit in future is asset.
  - Fixed Assets. (अचल संपत्तियां।)
  - Currents Assets. (वर्तमान संपत्ति।)
- **FIXED ASSETS:** -Such assets which fixed for long periods for carrying on the business of the enterprise and not meant for resale. (Which cannot be converted in money within a year.) :- building, plant, Machine etc

There are two types of fixed Assets.

1. Tangible Assets
2. Intangible accounts

- **TANGIBLE ACCOUNTS:** - A tangible asset is physical property. it can be touched. **such as machinery, vehicles, Computer, Laptop, Furniture, Mobile, Printer and buildings.**

- **INTANGIBLE ACCOUNTS: -** The opposite of a tangible asset is an intangible one, which is not physically, it cannot be touched. **such as copyrights, patents, Trademarks, operating licenses.**

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- **Copyright-** Copyright refers to the legal right of the owner of property.

- **Patents -** Patents are used to protect the way things work. A patent is a right granted for an invention that is new and useful.
- **Trademarks -** A trademark is a design, symbol, word or phrase that identifies the source of your products and distinguishes them from the products of other companies.

  Eg :- The word "Coca-Cola" is a trademark, as are ("Coca-Cola") written in stylized script and the original curvy Coca-Cola bottle design.

- **CURRENT ASSETS: -** Such assets which are not fixed for a long time and which can be converted in money within a year **Such as cash, goods, bank, bill, prepaid etc**

- **EXPENSES: -** It denotes the cost of services and things used for generating revenue.

There are two types of Expenses

1. Direct Expenses
2. Indirect Expenses
   - **Direct Expenses:** - Whatever expenses are incurred before manufacturing any product. That is called direct expenses.

   - **Indirect Expenses**: - Generating revenue from any product takes time and expenses. It is called indirect expenses.

Next Topics: - Questions Explain

The End

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