

# ACCOUNTING FUNDAMENTAL

## INTRODUCTION:-

Accounting is termed as language of business which records all events and transactions that are of monetary value and facilitates communication among individuals in a society. It's communicating the financial result of an enterprise to various stockholders by means of financial statement

लेखांकन को व्यवसाय की भाषा कहा जाता है जो सभी घटनाओं और लेन-देन को रिकॉर्ड करता है जो मौद्रिक मूल्य के होते हैं और समाज में व्यक्तियों के बीच संचार की सुविधा प्रदान करते हैं। यह वित्तीय विवरण के माध्यम से विभिन्न शेयरधारकों को एक उद्यम के वित्तीय परिणाम का संचार करता है

# Accounting process:-

Accounting is the process of identifying the transaction and event in terms of money, recording them in a systematic manner in the books of accounts classifying or grouping them and finally summarizing of recorded transaction in a manner useful to the users of accounting information.

लेखांकन, लेन-देन और घटना को धन के संदर्भ में पहचानने, उन्हें लेखा पुस्तकों में व्यवस्थित तरीके से दर्ज करने, उन्हें वर्गीकृत या समूहीकृत करने और अंत में दर्ज किए गए लेन-देन को लेखांकन जानकारी के उपयोगकर्ताओं के लिए उपयोगी तरीके से सारांशित करने की प्रक्रिया है।

## INPUT

- 1) All business Transaction
- 2) External events measured in financial terms



## PROCESSING

- 1) Accounting Concept & Principles
- 2) Management Plans & policies
- 3) Rules Regulation & laws
- 4) Classification & interpretation

## OUTPUT

- 1) Profit & loss A/c
- 2) Income & Expenditure
- 3) Balance Sheet
- 4) Cash Flow
- 5) Fund Flow Statement
- 6) Income & audit



## USER

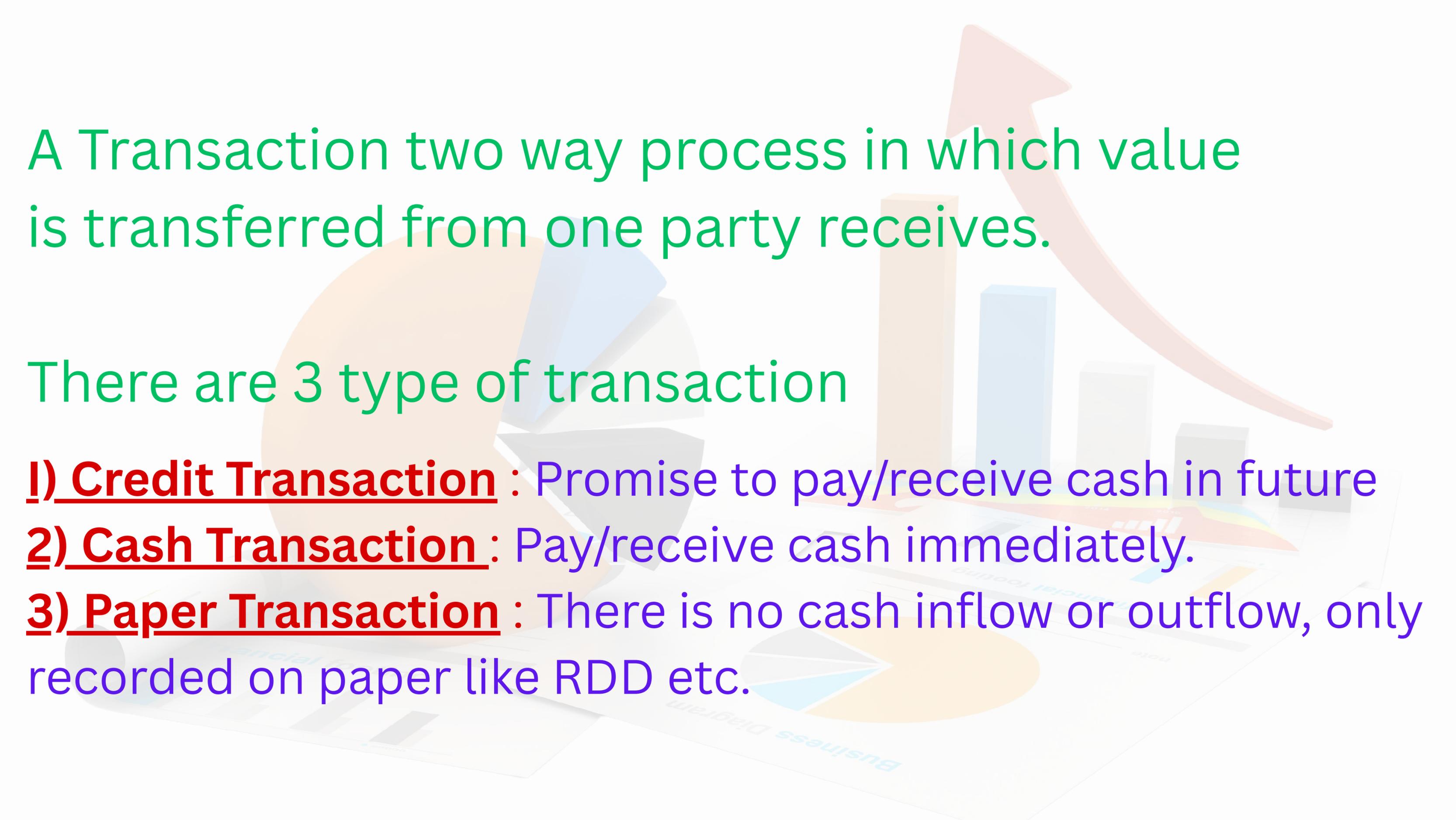
- 1) Shareholder
- 2) Agent / dealer
- 3) Employee
- 4) Management
- 5) Rating Agencies
- 6) Lenders



# Transaction:-

A transaction is an exchange of goods services & ideas from one person to another person or account which is generally external in nature & can determined in terms of money or money's worth.

लेन-देन एक व्यक्ति से दूसरे व्यक्ति या खाते में वस्तुओं, सेवाओं और विचारों का आदान-प्रदान है जो आम तौर पर प्रकृति में बाहरी होता है और इसे पैसे या धन के संदर्भ में निर्धारित किया जा सकता है।



A Transaction two way process in which value is transferred from one party receives.

There are 3 type of transaction

**1) Credit Transaction** : Promise to pay/receive cash in future

**2) Cash Transaction** : Pay/receive cash immediately.

**3) Paper Transaction** : There is no cash inflow or outflow, only recorded on paper like RDD etc.

# Types Of Account

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graph TD; A[Types Of Account] --> B[Personal Account]; A --> C[Impersonal Account]; C --> D[Real Account]; C --> E[Nominal Account];
```

**Personal  
Account**

**Impersonal  
Account**

**Real  
Account**

**Nominal  
Account**

**1) Personal Account-** Personal accounts relate to the persons . debtors or creditors .  
Example - 1) Ram & Co.. a credit customer 2) Sachin & Co. ,a supplier of goods .



# Natural Person



Arjun



Pooja



Vikas



Neha

# Artificial Person



Reliance Ltd



HDFC Bank



Wipro Ltd



Gupta Stationary Shop

# Representative Person



Salary Due



Rent Due



Whatsapp  
Family Group



Prepaid Rent

# Representative Person

✓ Prepaid Rent

✓ Outstanding Salary

✓ Advance Salary

✓ Commission due

✓ Outstanding Rent



# Lets Test Oursel

	Natural Person	Artificial Person	Representative Person
Rahul			
Wipro Ltd			
Neha			
Reliance			
HDFC bank			
Outstanding Salary			
Prepaid Rent			
Anjali			
Gupta Shop A/C			
Unpaid Rent			
Advance Salary			

# Type of Accounts

Personal A/C

Real A/C

Nominal A/C

Natural Person

Artificial Person

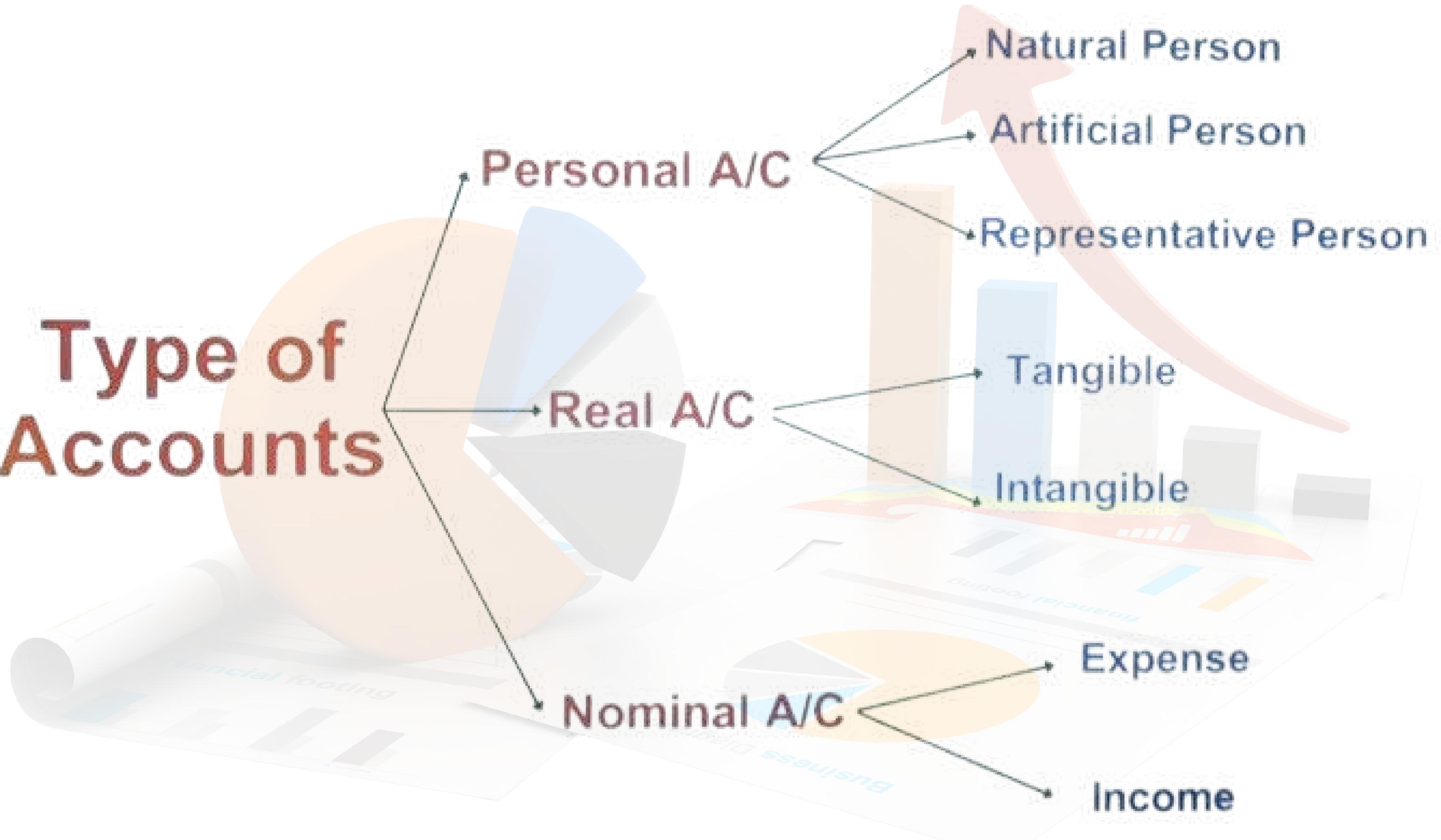
Representative Person

Tangible

Intangible

Expense

Income



**2) Real Accounts** - Accounts which relate to assets of the firm but not debtors. For e.g. Accounts regarding Land, Building, Investment, Fixed Deposits etc. Are real accounts. Cash in hand & cash at bank accounts are also real.

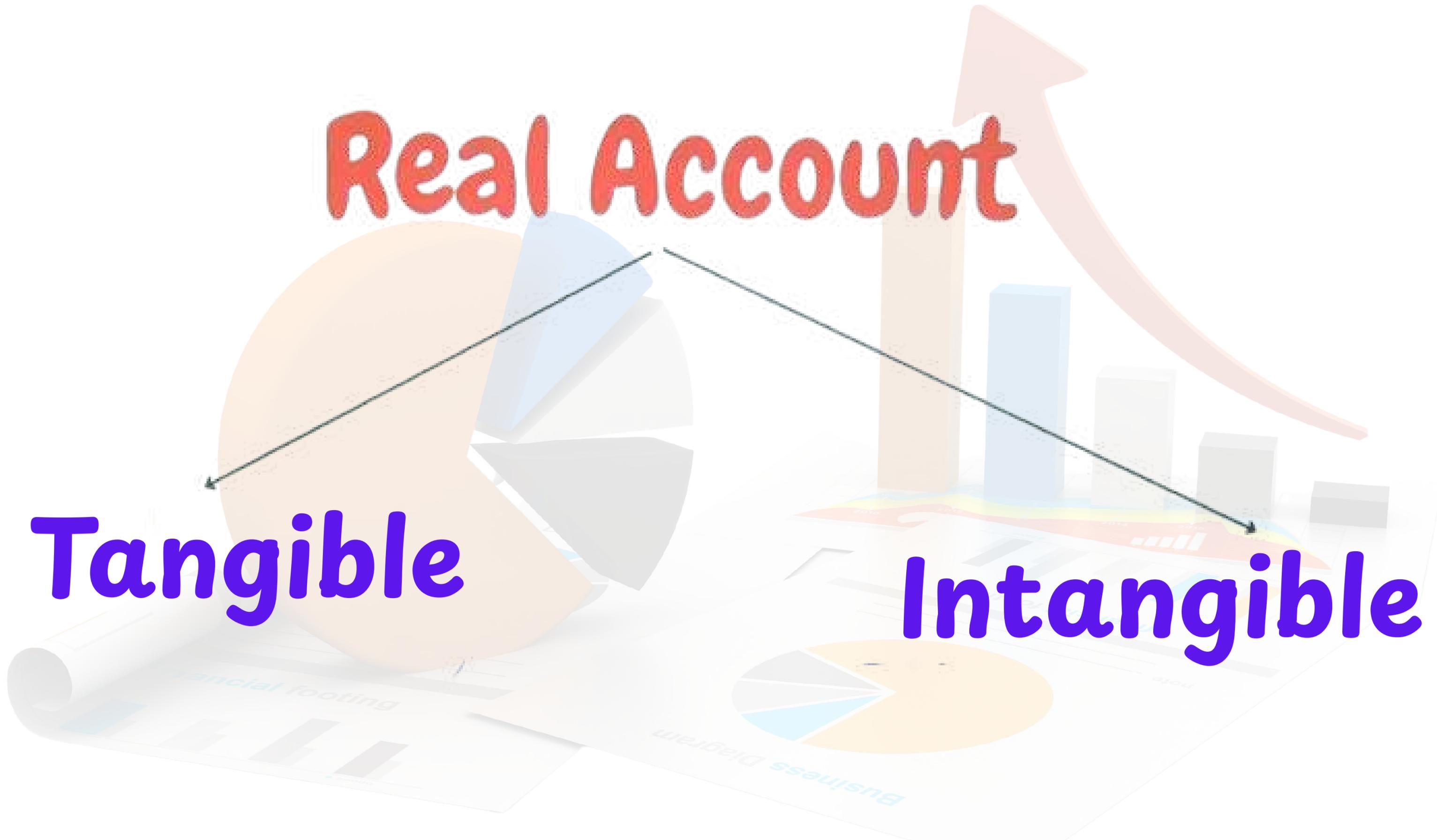


Real Account

# Real Account

**Tangible**

**Intangible**





**Land**



**Building**



**Vehicle**

**Tangible Assets**



**Machinery**



**Furniture**



**Computer**

**Goodwill**

**Trademark**

**Copyright**

**Patented**



# Intangible Assets

<b>ASSETS</b>	<b>TANGIBLE</b>	<b>INTANGIBLE</b>
<b>LAND</b>		
<b>MACHINERY</b>		
<b>FURNITURE</b>		
<b>COMPUTER</b>		
<b>TRADEMARK</b>		
<b>COPYRIGHT</b>		
<b>PATENT</b>		
<b>VEHICLE</b>		
<b>GOODWILL</b>		

**3) Nominal Account-** Accounts which relate to expenses or losses, gains, revenue etc. Like salary accounts. Interest Paid account, Rent paid account. Commission received account

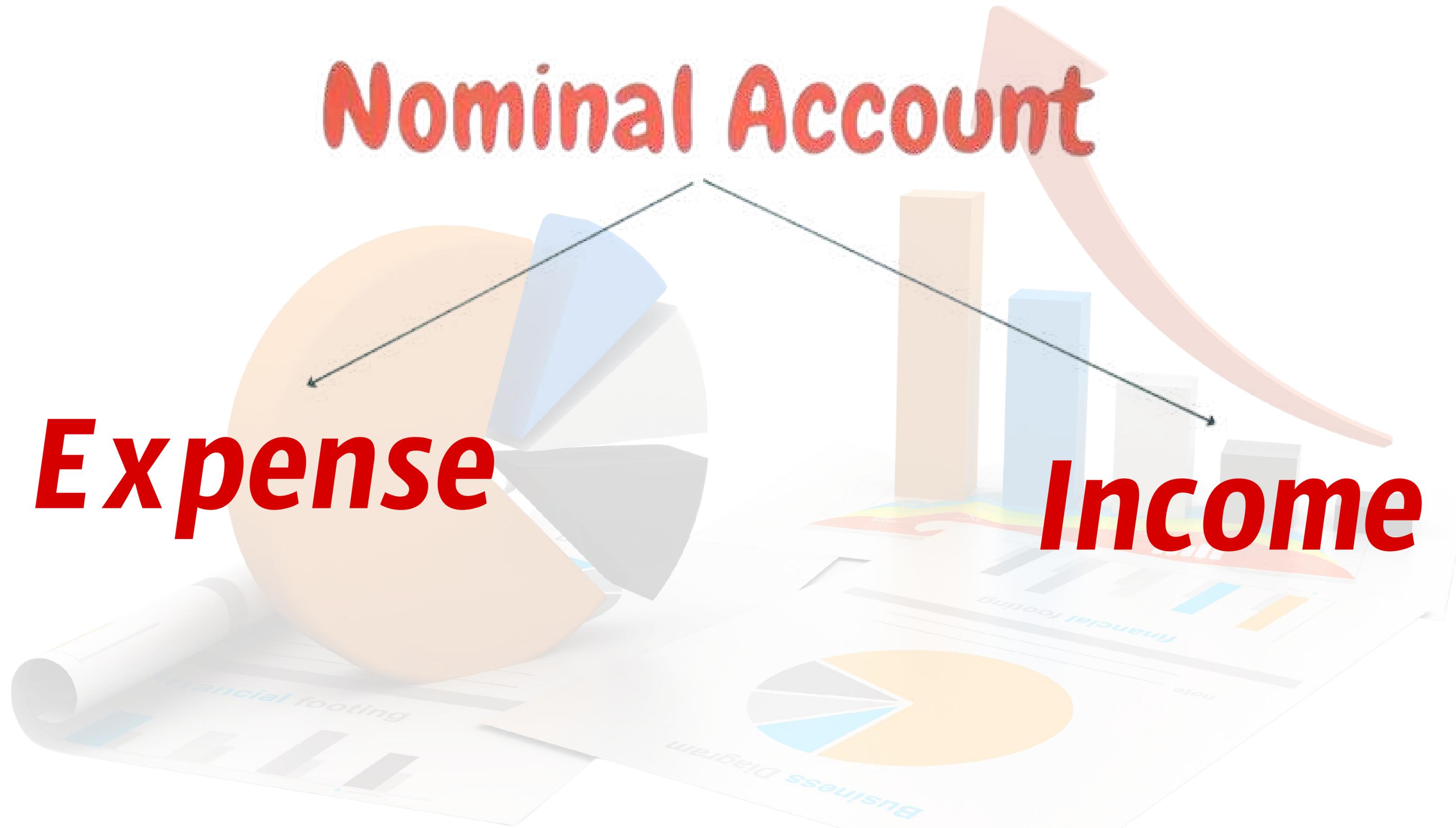
# Nominal Account



# Nominal Account

**Expense**

**Income**



# Expense

✓ Rent Expense

✓ Salary Expense

✓ Audit fees

✓ Telephone Expense

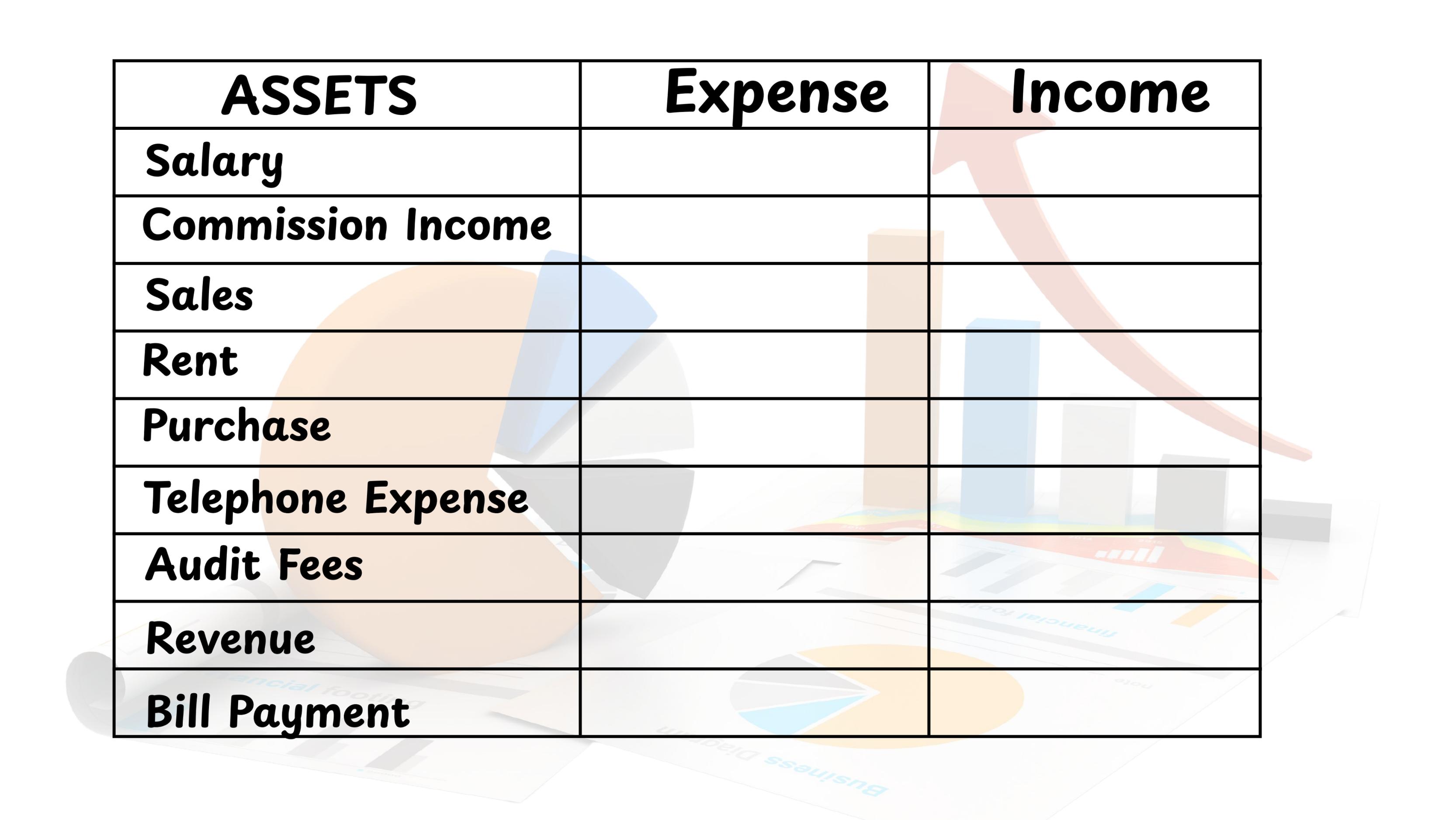
✓ Travelling Expense

✓ Interest Expense

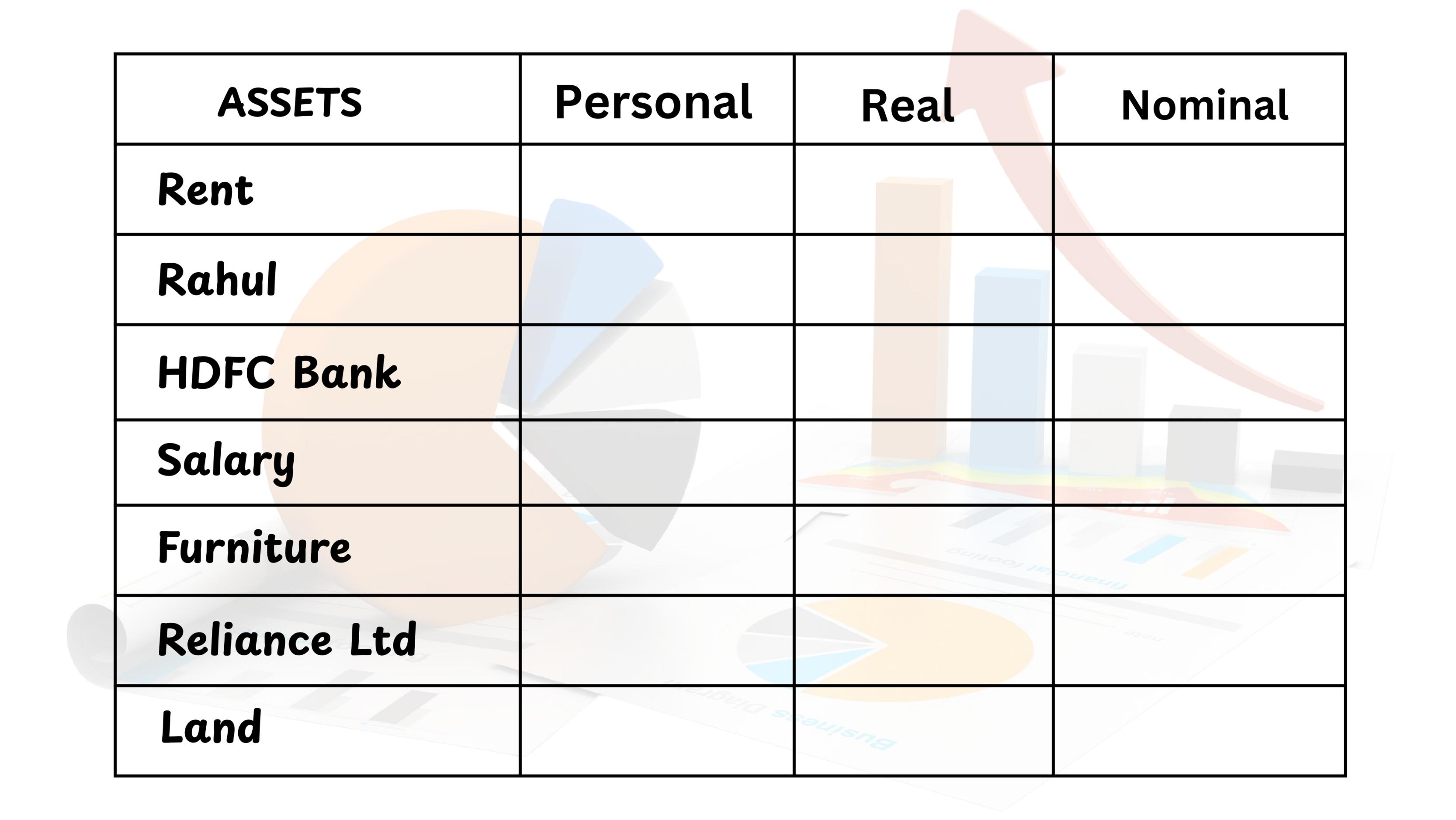


# Income





<b>ASSETS</b>	<b>Expense</b>	<b>Income</b>
<b>Salary</b>		
<b>Commission Income</b>		
<b>Sales</b>		
<b>Rent</b>		
<b>Purchase</b>		
<b>Telephone Expense</b>		
<b>Audit Fees</b>		
<b>Revenue</b>		
<b>Bill Payment</b>		

The background features a large, semi-transparent graphic. On the left is a pie chart with segments in orange, blue, and grey. On the right is a 3D bar chart with four bars of varying heights in orange, blue, and grey. A large, light-red arrow points from the top-left towards the bottom-right, passing over the bar chart. The entire scene is set against a light grey background with faint text like 'Business Diagram' and 'Financial Forecasting'.

<b>ASSETS</b>	<b>Personal</b>	<b>Real</b>	<b>Nominal</b>
<b>Rent</b>			
<b>Rahul</b>			
<b>HDFC Bank</b>			
<b>Salary</b>			
<b>Furniture</b>			
<b>Reliance Ltd</b>			
<b>Land</b>			

# Golden Rules of Accounts

## Real A/C

DEBIT:-

Whats Come In

Credit:-

Whats Goes Out



### Example 3: Sold Old Computer for Cash ₹5,000

**Cash A/c**                      **Dr.**    **₹5,000**  
    **To Computer A/c**                                      **₹5,000**  
**(Being old computer sold for cash)**

### Example 4: Withdrawn Cash from Bank for Office Use ₹2,000

**Cash A/c**                      **Dr.**    **₹2,000**  
    **To Bank A/c**    **₹2,000**  
**(Being cash withdrawn from bank for office use)**

# Golden Rules of Accounts

## Personal A/C

DEBIT:-

The Reciever

Credit:-

The Giver



## Example 3: Goods Sold to Mohan on Credit ₹3,000

**Mohan's A/c**                      **Dr. ₹3,000**  
**To Sales A/c**                      **₹3,000**

**(Being goods sold to Mohan on credit)**

## Example 4: Received Cheque from Ramesh ₹4,000

**Bank A/c**                              **Dr. ₹4,000**  
**To Ramesh's A/c**                      **₹4,000**

**(Being cheque received from Ramesh)**

# Golden Rules of Accounts

## Nominal A/C

DEBIT:- Expenses and Losses

Credit:- Incomes and Gains.

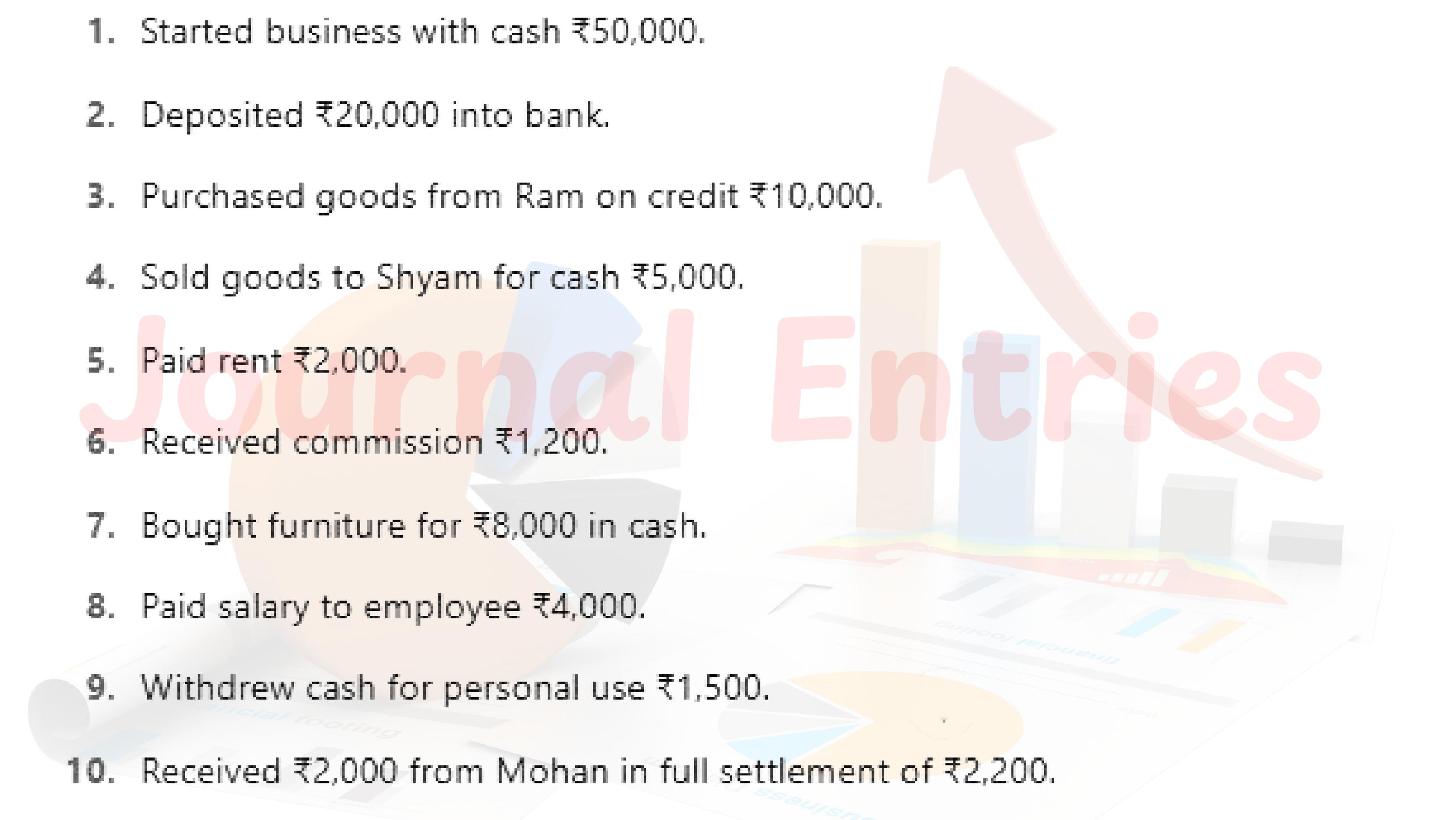






1. Started business with cash ₹50,000.
2. Deposited ₹20,000 into bank.
3. Purchased goods from Ram on credit ₹10,000.
4. Sold goods to Shyam for cash ₹5,000.
5. Paid rent ₹2,000.
6. Received commission ₹1,200.
7. Bought furniture for ₹8,000 in cash.
8. Paid salary to employee ₹4,000.
9. Withdrew cash for personal use ₹1,500.
10. Received ₹2,000 from Mohan in full settlement of ₹2,200.

# Journal Entries



11. Paid ₹500 as electricity bill.
12. Purchased machinery worth ₹25,000 by cheque.
13. Paid ₹1,000 to Ram by cheque.
14. Received interest ₹600.
15. Paid insurance premium ₹1,500.
16. Purchased goods for cash ₹7,000.
17. Sold old furniture for ₹3,000.
18. Goods returned to Ramesh ₹1,200.
19. Shyam returned goods worth ₹1,000.
20. Received cheque from Ramesh ₹2,500.

# Journal Entries

