

BASICS OF PRACTICAL ACCOUNTING

BY

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Concept of Accounting

Accounting is process of classifying ,recording , summarizing and analyzing the transactions to find out the profit or loss and asset-liability position of the organization

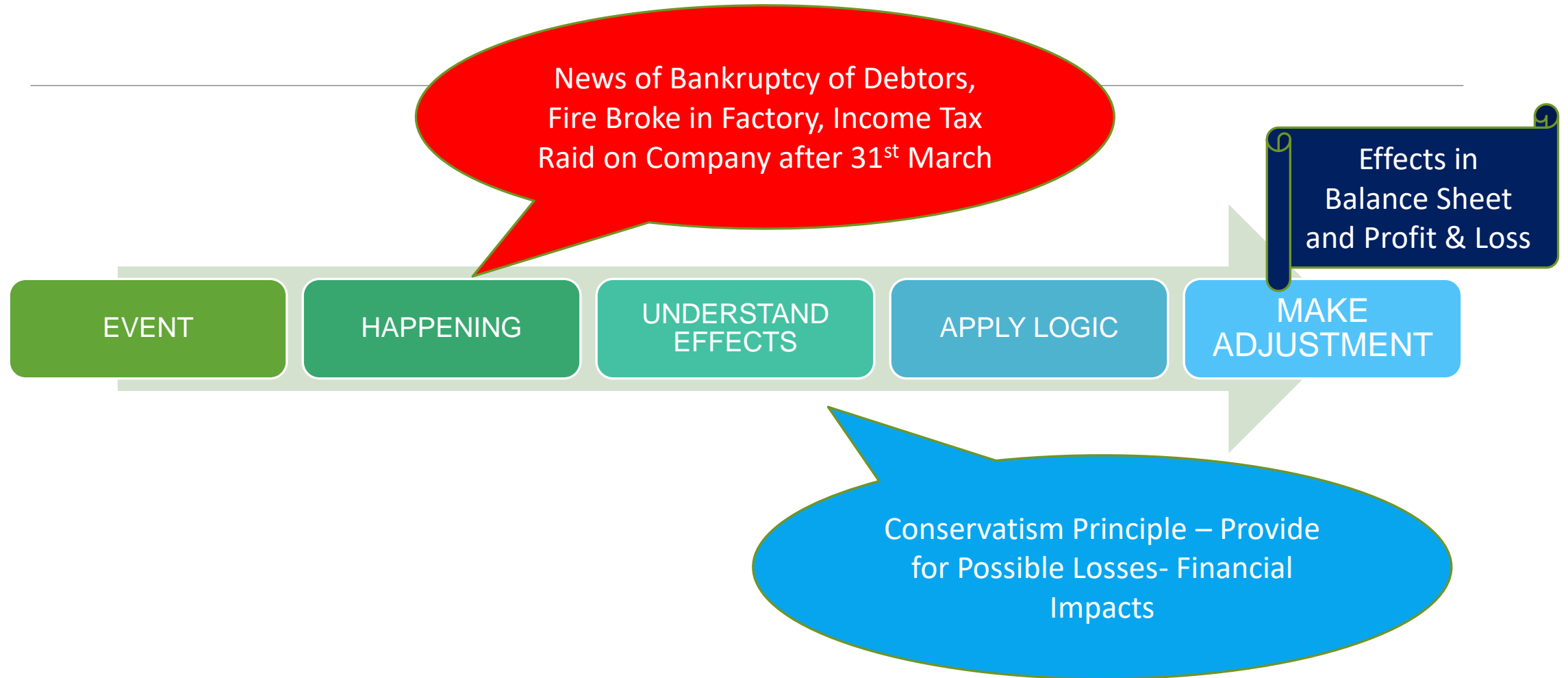
HOW TO IDENTIFY THE TRANSACTION ?

What is Transaction ?

Sale, purchase or services, exchange of money or kind & deferred payment



HOW TO IDENTIFY EVENT?



IMPORTANT ACCOUNTING CONCEPT

Asset

- Property with Future Economic Benefits.

Liability

- Financial Obligations.

Income

- Receipts or Deferred Receipts - Cash or Kind against goods or services.

Expense

- Payments or Deferred payments – Cash or Kind against goods or services.

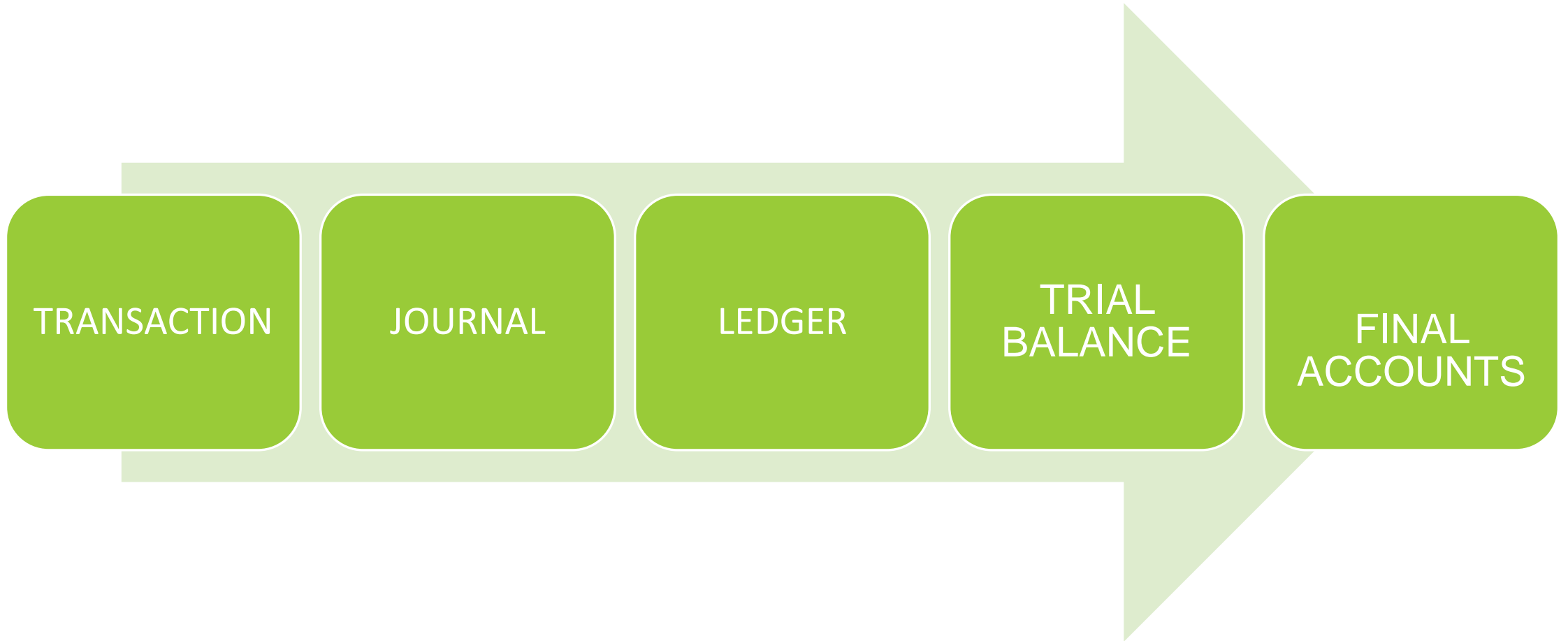
Debtor

- They owe money to us.

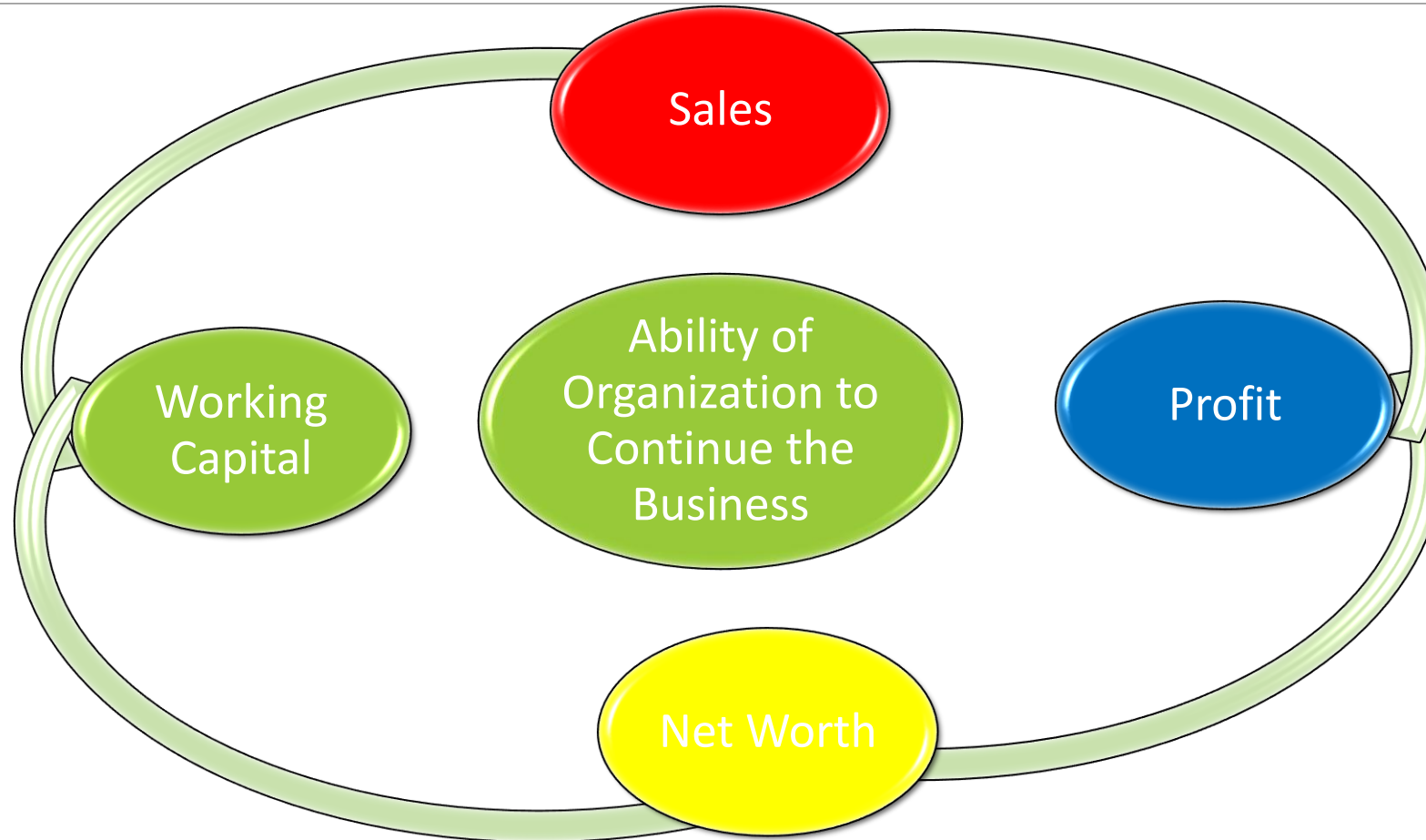
Creditor

- We owe money to other party.

ACCOUNTING PROCESS



Going Concern



ACCOUNTING PRINCIPLES & POLICY

Going Concern

- Preparing the Financials assuming the Organization is having ability to continue.

Recognition of Asset

- Identification of Tangible or Intangible Asset.
- Timing of Recognition.

Conservatism

- Recognition of all possible liabilities in books.

Accrual

- Accounting the transaction on Due basis.

ACCOUNTING PRINCIPLES & POLICY

Revenue Recognition

- How to identify the Revenue?
- Timing of Recognition.

Matching Concept

- Expenses are matching with the revenue.
- With respect of Period and nature of Business.

Recognition of Liability

- How to identify the Liability?
- Timing of Recognition.

ACCOUNTING STANDARD

Accounting Standard are set of guidelines for transaction framework and financials in respect of ;

“Recognition , Measurement and Disclosure”
of

“Revenue, Expenditure , Asset and Liabilities”

ACCOUNTING STANDARD

Recognition

- Recording Transaction in Books

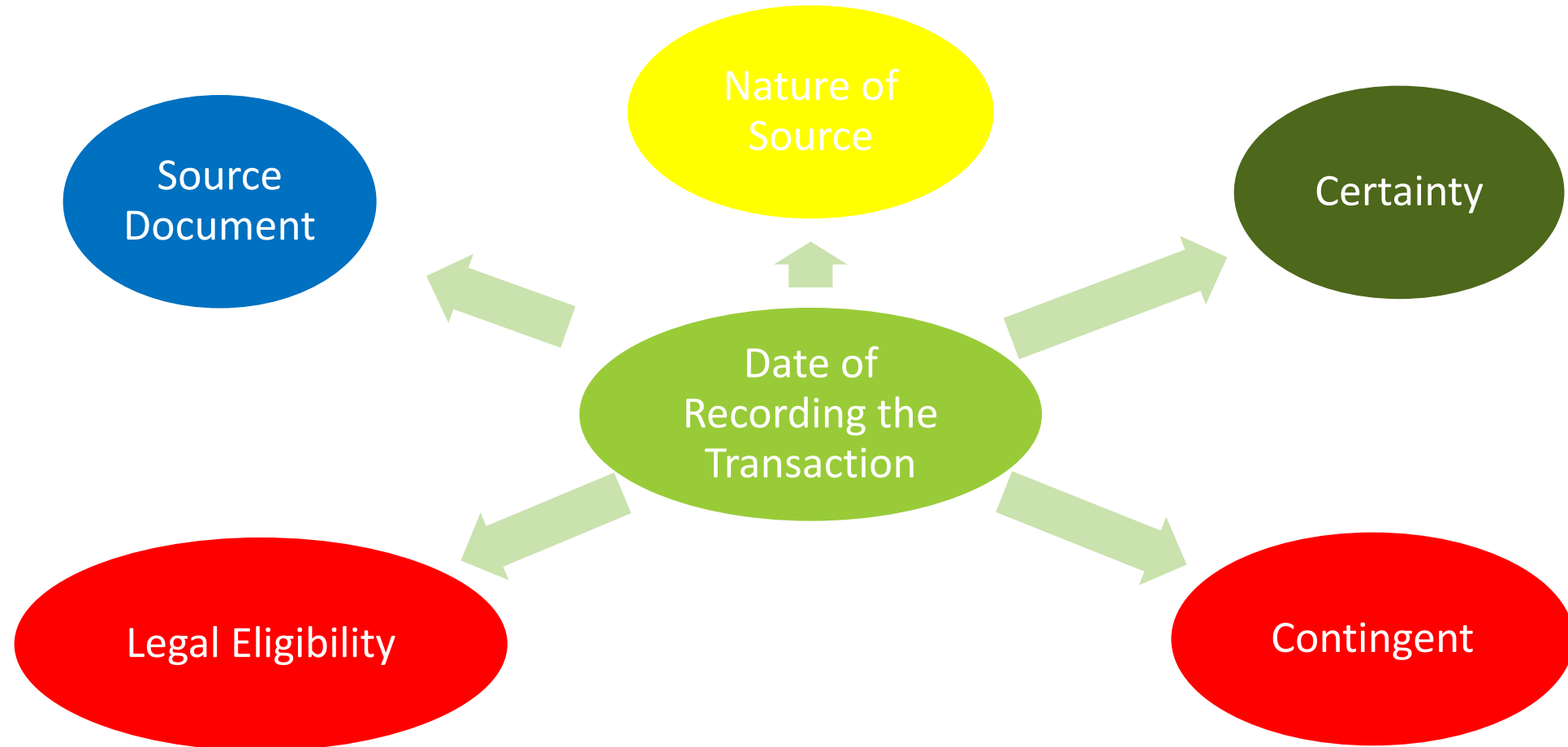
Measurement

- Value in Transaction

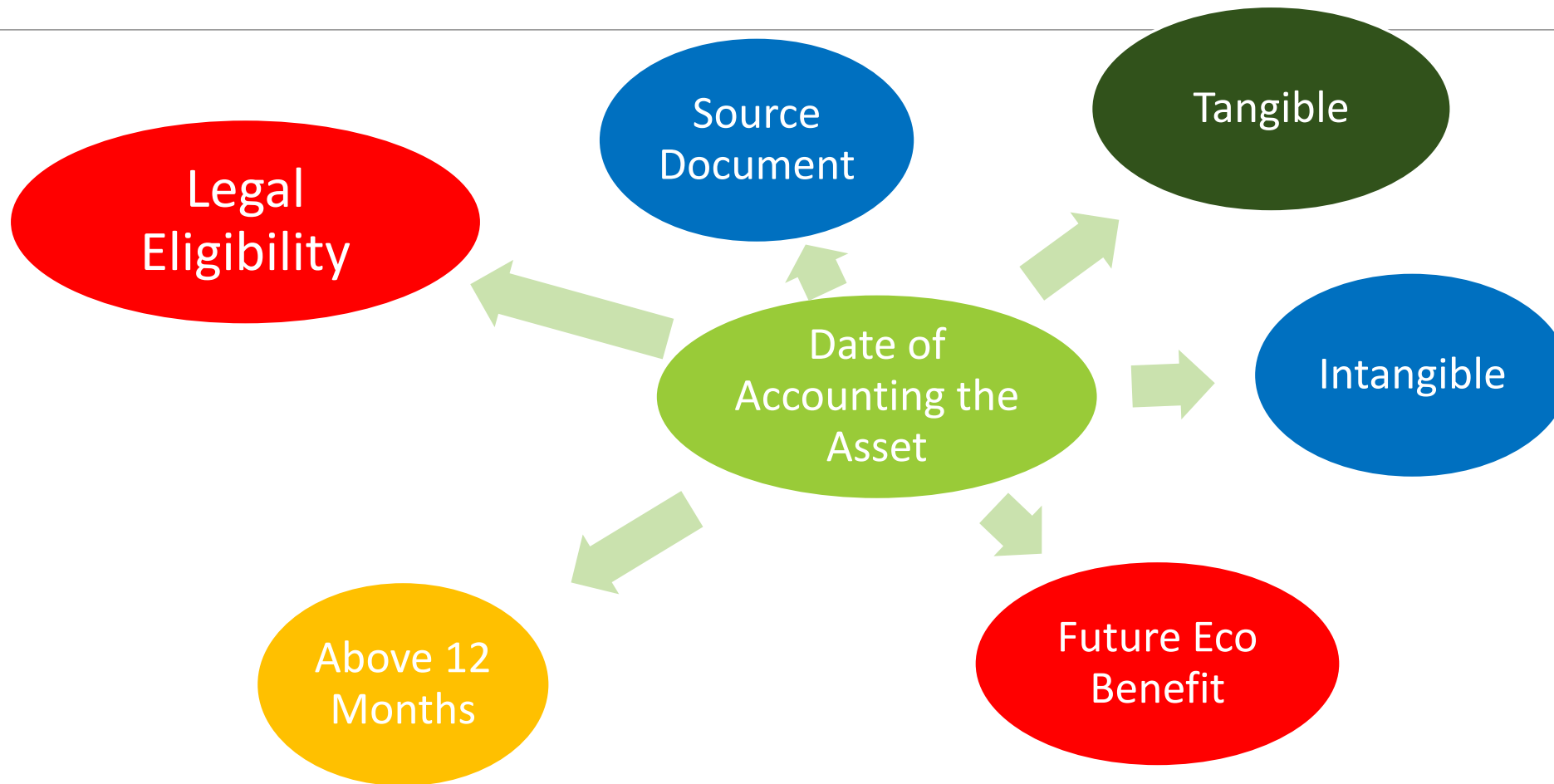
Disclosure

- Reporting in Financial Statement

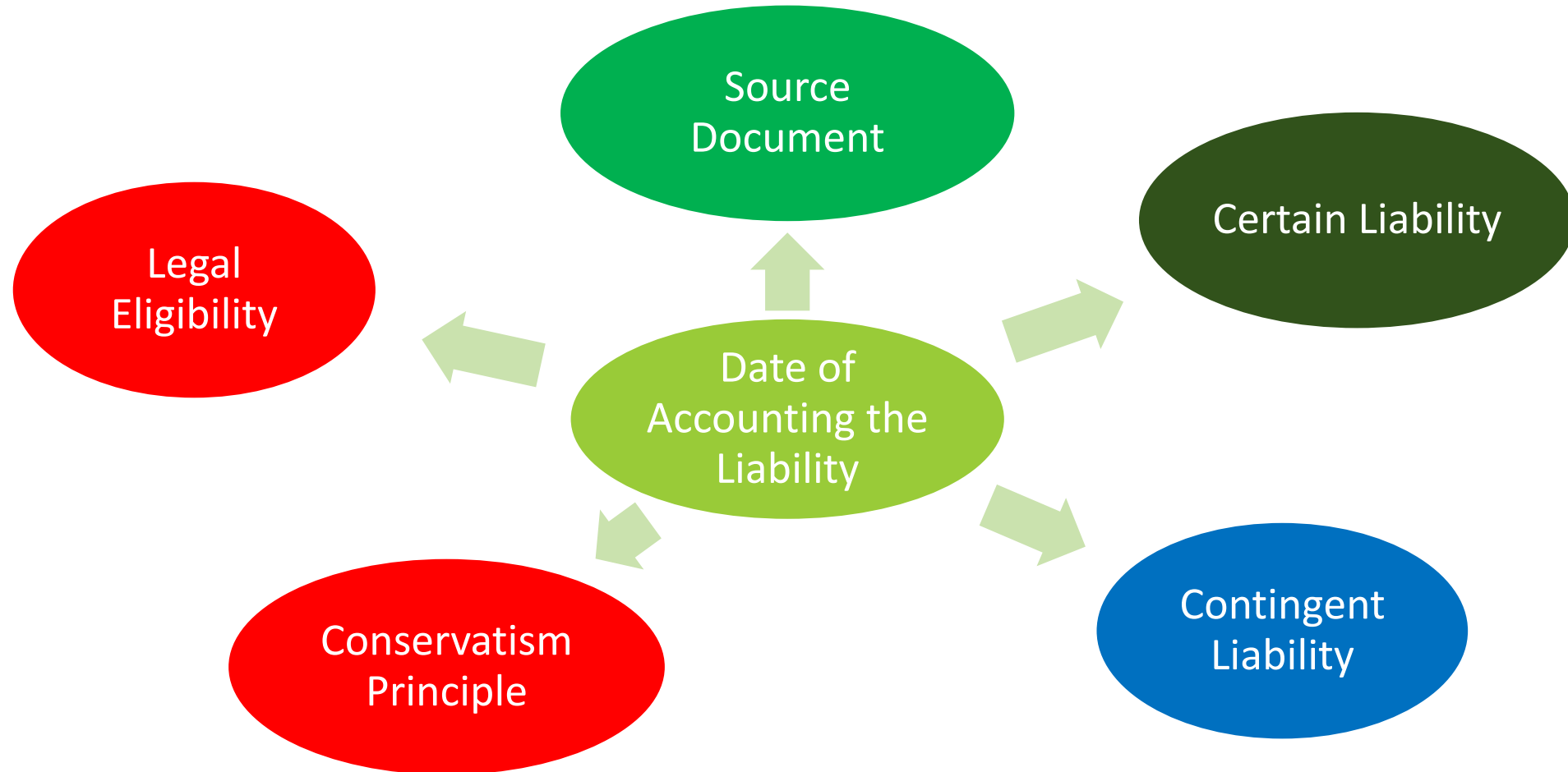
Recognition of Revenue



Recognition of Asset





Recognition of Liability





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