Unit 1 notes

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Why we need to learn Accounting/Accountancy?

- Business
  - Business करना
  - Business करना
  - Business में Profit कमाना है
  - Business में Loss
- Job
  - Businessman के Employee बनकर काम करना
  - Job करनी है

→ To know how much need to Receive / Give

→ Accounting
(जो रख पाये वह गणना)
शुरुआत आई in old time.

1. Evolution of Accounting

Accounting का जन्म कब और कैसे हुआ!

कैसे पता चला History से

- Ancient
  - 600 to + 312 BC
  - 312 AD
  - → Accounting की Book में
    - Revenue (Income)
    - Expense
- Middle 312-1907
  - 1494-2011
  - Luca Pacioli
  - mathematician
  - Father of Accountancy
  - Introduction of Double entry system.
- Modern 1908-Now
  - → ICAI (CA)
  - → ICMAI (CMA)
  - They Convert Accounting Education
  - By
    - Accounting (Level)
      - Individual (Sole trader) + HUF
      - Partnership firm
      - Company

eg: Tenant records with rent/Information.

* Form of accountancy/Double entry system.
→ Luca Pacioli

2. Significance (महत्व की है!)

- Replacing memory
- Maintaining Proper records of business
- Assuring performance of business
- Calculate tax liability
- Decision making
  - 20
  - 10
  - Profit and Profit कमाए!
- Employee
  - Bonus / Increment
- Supplier
  - Credit Date minimum.

Accounting Principles :-

- are fundamental guidlines that governs the preparation, presentation of financial statement
- They ensure consistency & comparability of financial information.

eg:

- Company
  - JIO
    - Investment purchase sim sold Amount.
  - Idea
    - Revenue Receipt
      - ₹ 2
    - Capital Receipt
      - B/S

→ Accounting Principal क्या है? क्यों जरूरी है?

→ Every Accounting Professional (ICAI / ICMAI) CA / CMA

⇓ Follow this principles while preparing Accounts

Basic Accounting Principles.

- Historical Cost Concept
  - All Process Recorded at Purchase Price + transaction cost
  - eg: Apr-23 Machine China : 50, Transportation : 10
    - Mar-23 Machine Price : 150
    - → Books में Process : 160 (Cost और Any Tax)
- Dual Aspect (Accounting Equation) 3?
  - → Heart of accounting concept
  - → Every transaction के Impact होते
  - eg: बात किसकी पर होता बाकि सरलता!
    - Dr = Cr
    - Always
  - eg Tarun ₹100 → Gaurav

    ₹100 ← Gaurav A/c Dr ₹100
    ₹100 ← To Cash 100

    → In the books of Tarun.

    In Gaurav Books
    ₹100 Cash A/c Dr ₹100
    To Tarun. ₹100
    → Tarun से लिया Hence बाकि में देनापड़ेगा।
- Revenue Recognition
  - Sale तब माने जब Sale कर दो
  - eg मंगा Mar-2018, Sale May-2018
    - → Sale = May 2018
- Full information
  - कोई भी Information छुपाना नहीं चाहिए
- Matching Principal
  - eg: Jan-24 P&L
    - Jan 24 → Income
    - Jan 24 → Expenses.
- Conservatism (Prudence)
  - (Playing safe)
  - → Do not anticipate profit But provide for all possible losses

Accounting Report

- P&L
  - कितना कमाया Business करके
  - eg:

P&L	
Expense 50	Income 100
Profit 50	
100	100

- B/S
  - पूरा का पैसा कितना है
  - कंपनी कितने कि है
  - बाहर के लोगों का कितना देना है
  - eg:

Liability		Assets	
Capital	50	Building	100
पुराना देना		Cash	50
Loan	100		
	150		150

Equation

Assets = Liability + Capital

Concept of Capital & Revenue

↳ Income & Lottery कैसे कर सके

eg:
- Bike
  - Purchase → One time → Capital
    - Receipt
    - Expenditure
  - Petrol → Regular → Revenue.
    - Receipt
    - Expenditure.

Types of Accounts

- Traditional Principal
  - P — Personal
    - Individual
    - Company
    - Artificial Person (Lawyer)
  - R — Real
    - Assets
    - Liability
  - N — Nominal
    - Income
    - Expense.
- Modern Principal
  - P&L
    - Expense
      - ↑ Dr
      - ↓ Cr
    - Income
      - Cr
      - Dr
  - B/S
    - Assets
      - Dr
      - Cr
    - Liability
      - Cr
      - Dr

Dr - Receive
Cr - Give

Come in - Dr
Go out - Cr

Expenses - Dr
Income - Cr

Accounting Process

Journal → Ledger → Trial balance → P&L → B/S

eg: Assets Purchase ₹ 100 Cash
Cash sale ₹ 100