

ACCOUNTANCY -1<sup>ST</sup> COMMERCE A-SECTION  
CHAPTER-1 INTRODUCTION

1. **BOOK KEEPING:** It is an art of recording business transactions in appropriate books of accounts in a systematic manner so as to ascertain the profit or loss and the financial position of the business.
2. **ACCOUNTING:** It is the process of analyzing, classifying, recording and communicating the information to the end user for decision making.
3. **ACCOUNTANCY:**
4. **BUSINESS TRANSACTION:** It is any happening or an event, measurable in terms of money and which changes the financial position of the business. Business transactions may be
  - a. Cash transactions-where the payment or receipt of cash will be done immediately
  - b. Credit transaction-where the payment and receipt of cash will not be made immediately but is postponed to a future date.
5. **ASSETS:** Assets are properties, things or right of value owned by the business concern. It includes the debts due to the business concern.
6. **LIABILITIES.** Liabilities are the debts due by the business concern to the outsiders. It includes the claims of the outsiders towards business concern.
7. **DEBTORS:** Debtors are those persons who owe money to the business concern. They owe money because they have taken some benefits from the business concern.
8. **CREDITORS:** Creditors are those persons to whom the business concern owes money. Business concern owes money because it had taken some benefit from the outsiders.
9. **CAPITAL:** Capital refers to money or money's worth invested by the proprietor to the business at the commencement of business. Eg Cash, buildings, furniture etc
10. **DRAWINGS:** Amount withdrawn by the proprietor from the business for his personal use.
11. **GOODS:** Goods are things or material in which a business concern deals and is meant for resale.
12. **VOUCHER:** Any documentary evidence in support of a transaction is called voucher. Eg :  
Cheque, cash memo, Bill etc