

Financial and Cost Accounting

CT-258

Lecture 1

Introduction to Accounting

What is accounting?

- Accounting is the Art and Science both
 - Science – based on (proven) facts
 - Art – based on creativity and imagination

definition of accounting

According to Taylor and Shearing :

Accounting may be defined as an art and science of recording business transactions in a methodological manner so as to show

1. The true state of affairs of a business in a particular period of time and
2. The surplus or deficiency which has accrued during a specific period of time.

- What is business transaction?
- A business transaction is a business event that brings about an immediate change in the business position in monetary terms.

Why are you studying accounting?

Well because accounting is for everyone.

Accounting is the Language of business.

Using accounting information business people

- Set Goals
- Measure Results

and

- Evaluate Performance

In order to understand and run a business successfully, it is imperative to know its language

Users of accounting information

- Internal Users: Users within the business organization mainly the Management and decision makers within the organization.
- External Users: All Users of accounting Information outside of the organization.
 - Investors bankers
 - Debtors Creditors
 - Money lenders Economists
 - Government Tax Collectors

Accounting is both Theoretical and Practical

Theory and practice both go hand in hand