

Q: What is Accounting?

In simple term accounting consists of three basic activities of identifying, recording and communicating. In extended term accounting is the process of identifying economic events, recording, classifying, summarizing, evaluating economic conditions and communicating related information to related parties for decision making.

Q: Who are the users of accounting data?

There two broad groups of users of accounting information.

I) Internal users: Internal users are basically the employees, owners working inside an organization who are responsible for planning, organizing and running a business. Most cases several departments manager are the most common internal users of accounting information. For instances department like Finance, Marketing, Human resource, Management

II) External Users: External users are those users who are outside the organization relying on financial information to make decision. Example: Investor, Creditor, Government, Supplier, Regulatory authorities, Public etc.

Q: Objectives of studying accounting

- ✓ Recording financial transactions
- ✓ Assessing financial condition
- ✓ Regulatory compliance
- ✓ Decision-making assistance
- ✓ Preventing fraud
- ✓ Preparing budget
- ✓ Performance evaluation

Q: Importance of accounting

- ✓ Better decision making
- ✓ Evaluating financial conditions
- ✓ Evaluating performance
- ✓ Statutory compliance
- ✓ Reporting to diversified users
- ✓ Ensuring credibility
- ✓ Promoting transparency
- ✓ Better fund management

Q: Why accounting is known as an information system?

- ✓ Input
- ✓ Process
- ✓ Output
- ✓ Feedback
- ✓ Control Mechanism
- ✓ Technology

Q: Computerized system and application in accounting

Nowadays, diversified software are in operation to facilitate information gathering and communicating process. A computerized accounting system is an application of software that quickens, makes more accurate, and easier to manage financial information as well as reports. Example: ERP, QuickBooks, FreshBooks, Zoho Books, Xero etc.

- ✓ It automates the recording procedures
- ✓ Initiate digital record-keeping
- ✓ Fasten procedures
- ✓ Promoting accuracy
- ✓ Reduces manual error

Common application in accounting

- ✓ Payroll management
- ✓ Data processing
- ✓ Financial reporting
- ✓ Inventory management
- ✓ Tax administration
- ✓ Budgeting
- ✓ Preserving information