

PRESENTATION ON:-

FINANCIAL ACCOUNTING



BY:-

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TOPIC FOR PRESENTATION

Meaning of Financial Accounting

Users of Accounting Information

Dual Concept

Objectives of Financial Accounting

Functions of Financial Accounting

MEANING

Financial accounting is a specific branch of accounting involving a process of recording, summarizing, and reporting the myriad of transactions resulting from business operations over a period of time. These transactions are summarized in the preparation of financial statements—including the balance sheet, income statement, and cash flow statement—that record a company's operating performance over a specified period.

Financial accounting differs from managerial accounting, as financial reporting is for reporting to external parties, while managerial accounting is for internal strategic planning.



Users of Financial Accounting

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graph TD; A[Users of Financial Accounting] --> B[Internal Users]; A --> C[External Users]; B --> D["• Owners<br>• Managers<br>• Employees<br>❖ Internal users make decisions for the entity."]; C --> E["• Investors<br>• Creditors<br>• Regulators<br>• Customers<br>• Competitors<br>❖ External users make decisions about the entity."];
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Internal Users

- **Owners**
- **Managers**
- **Employees**

❖ Internal users make decisions for the entity.

External Users

- **Investors**
- **Creditors**
- **Regulators**
- **Customers**
- **Competitors**

❖ External users make decisions about the entity.

Dual Concept of Financial Accounting

The dual aspect concept forms the basis of the double-entry accounting method. This requires that each business transaction be recorded in two separate accounts. According to the dual aspect concept, every transaction impacts the business in two ways which must be equal and opposite.

When something (like cash or inventory) is given, someone (like the buyer or seller) will receive it. In financial accounts, this is represented with a system of equal but opposite matching credits and debits. For each debit recorded, there is a corresponding credit of the same amount.

In which left side known as Debit & right side known as Credit.

Dual Aspect Concept



Objectives

❖ Compliance with statutory requirements

- It ensures that the firm is working as per the tax rules and regulations of the Companies Act and complying with the other statutory requirements of the country in which it undertakes business.

❖ Record-keeping

- Financial accounting helps the company to correctly identify and systematically record transactions.

❖ Determine profitability

- Financial accounting is used in accounting for a company's revenues and expenses, thereby helping determine profitability.

❖ Making management decisions

- Your financial position entices the interest of stakeholders, creditors, and other parties. The accounting process enables firms and business owners to assess and evaluate financial stability and scope.



Functions

❖ To Keep Financial Records

- Accounting helps businesses in maintaining an accurate and up-to-date record of the day-to-day financial transactions of the entity, such as purchases, product sales, receipts, and payments.

❖ To Maintain Digital Records

- Accounting may involve creating, maintaining, and updating digital accounting systems which can be stored digitally for maintaining the company's financial data.

❖ To Make Available Records for Auditing

- It is the responsibility of an Accountant to make available all the related financial records from which the auditor of the company can conduct financial audits of the company, identify accounting discrepancies and provide corrective solutions.

❖ To Prepare Financial Reports

- In the growth of any business, the accountant or other person authorized on this behalf may need to prepare different types of financial reports. Which can be done after its complete accounting.

