



[Glossary]

Accounting Process

Subject:	Business Economics
Course:	B. A. (Hons.), 1st Semester, Undergraduate
Paper No. & Title:	Paper – 103 Fundamentals of Business And Accounting
Unit No. & Title:	Unit – 2 Fundamentals of Business And Accounting
Lecture No. & Title:	Lecture – 2 Accounting Process

Glossary

Account is a 'T' form it has debit and credit side

Account: a summarized record of person, assets, expenses losses, incomes and gains

Accountancy: it is a systematic knowledge of accounting.

Accounting: is the process of identifying, measuring, recording, classifying, summarizing and communicating business transactions and events in terms of money.

Assets means all the properties owned by the business collectively

Balance sheet is a summarized statement of assets and liabilities, assets side shows what business owns and liability side shows what business owes

Bills Payable indicates the amount payable to the supplier for which the bill of exchange is given to the supplier

Bills Receivable indicates the amount receivable from the customers for which the bills of exchange is received from the customer

Book- keeping: systematical record of the transactions in the books of accounts.

Brought Forward means the previous year's balance is brought forward to the current year. It becomes the opening balance.

Capital means the amount brought into business by the owner is called owner's capital and funds brought from outside is called Borrowed Capital

Carried Forward means the current year's balance is carried forward to the next year. It becomes a closing balance

Casting refers to the totaling of the books of account

Credit note is an intimation sent to customer dealing with the business that his account has been credited for the purpose mentioned therein

Credit side of the account is the right hand side of the account

Creditor is a supplier to whom business owes money for the goods and services availed by the business on credit basis

Debit note is an intimation sent to a person dealing with the business that his account has been debited for the purpose mentioned therein

Debit side of the account is the left hand side of the account

Debtor is a customer who owes money to the business for the goods or services provided to him on credit basis

Depreciation is the wear and tear on the assets provided every year on the asset till its useful life

Double Entry Principle: every debit has equal credit.

Drawings means amount or goods withdrawn by the owner from the business for personal use

Entry means the record of financial transaction in the books of account i.e. journal

Folio refers to the page number of the book of original entry or ledger

Journal is known as a book of primary entry

Ledger is a book where each and every account is classified

Liabilities means the amount owed by the business towards outsiders

Narration is a summarized explanation of the journal entry recorded in the books

Nominal A/c: relates to expenses, losses, incomes and gains.

Personal A/c: relates to persons.

Posting refers to the process of transferring the journal entry into the ledger account

Profit and loss Account is an account showing expenses and losses, incomes and gains during the particular year

Real A/c: relates to assets.

To credit means to make an entry on the credit side of an account

To Credit: to enter on the credit side of the transaction.

To debit means to make an entry on the debit side of the account

To Debit: to enter on the debit side of the transaction.

Trade discount is a discount received on purchases or allowed on sales on the price. Trade Discount is not recorded in the books of account and in that case net amount of purchases and sales are recorded in the books of account

Trading Account is an account showing all entries regarding trading expenses and incomes including the stock on hand in the beginning and at the end of the year

Voucher is the objective proof, documentary evidence that the financial transaction has taken place