



“बेटी बचाओ, बेटी पढ़ाओ”

JAYOTI VIDYAPEETH WOMEN'S UNIVERSITY, JAIPUR

Faculty of Law & Management

Faculty Name	:	JV'n Prof. (Dr.) Sanjay Chhabra
Department	:	Management & Commerce
Name of Program	:	BBA/ BBA LLB/BBA RETAIL
Semester/Year	:	I Semester
Name of Course	:	Fundamental of Accounting
Topic Name	:	Objectives of Accounting

Objectives of Accounting

Accounting serves various objectives, each contributing to the efficient management of a business or organization:

- 1. Identification and Recording of Transactions** : Accounting's primary objective is to systematically identify and record financial transactions. This ensures that the nature of each transaction is accurately preserved in financial records.
- 2. Ascertainment of Results** : Businesses aim to determine their operating results at the end of a specific period. Accounting helps ascertain profit or loss by preparing income statements or income and expenditure accounts.

3. **Ascertainment of Financial Affairs** : Accounting aims to provide a comprehensive view of a company's financial position, including assets, liabilities, and property. This information is presented in a balance sheet.
4. **Keeping Accounts of Cash** : Through the use of cash books, accounting keeps track of cash receipts, payments, and balances, reducing the risk of fraud, forgery, and misappropriation of funds.
5. **Control Over Assets and Liabilities** : Accounting helps businesses maintain control over their assets and liabilities by providing insights into their acquisition and management.
6. **Controlling Money Defalcation and Cost** : Preventing fraud and managing costs are essential accounting objectives, which are easier to achieve with proper accounting practices.
7. **Providing Economic Data** : Accounting prepares financial statements and reports to provide economic data to stakeholders, aiding in decision-making.
8. **Helping Tax Fixation** : Reliable accounting practices support income tax and VAT authorities in determining and settling taxes.
9. **Determination and Evaluation of Policy** : Accounting assists management in determining and evaluating policies for the successful operation of a business by providing necessary information and financial analysis.
10. **Testing the Arithmetical Accuracy of Accounts** : Accounting ensures the accuracy of financial records through the preparation of a trial balance.
11. **Acceptability to Others** : Well-maintained accounts are easily acceptable to banks, financial institutions, government authorities, and other interested parties.

12. Creation of Values and Accountability : Proper accounting practices create higher values among individuals and organizations by promoting transparency and accountability.

13. Following Legal Bindings and Prohibition : Accounting helps businesses adhere to legal requirements imposed by partnership law, income tax law, company law, and other regulations.

In summary, the primary objectives of accounting are to systematically record transactions, determine financial results, ascertain the financial position, control finances, provide economic data, aid in tax compliance, evaluate policies, ensure accuracy, and maintain accountability, all while adhering to legal requirements. These objectives collectively enable businesses to make informed decisions and manage their financial affairs effectively.

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Estd. 2008