

6- Distinguish between book-keeping and accountancy

BOOK-KEEPING مسك السجلات	ACCOUNTANCY علم المحاسبة
1. Book - keeping is an art of recording business transactions in a set of books.	1. Accounting is concerned with the design of the system of records, the preparation of the reports and the interpretation of the results, and finally communicating the results to persons who are interested in such results.
2. Book- keeping is concerned with recording and maintaining books of original entries.	2. Accounting is concerned with preparation of accounts to find out profit or loss and the financial position of the business.
3. Book - keeping is responsible for recording business transactions in a set of books.	3. Accountants prepare from the given books, Trading and profit and loss account, and Balance sheet.
4. The work of a book-keeper is clerical in nature and can be accomplished through the use of mechanical and electronic equipment.	4. Accountants direct and review the work of book-keepers. They must have a higher level of knowledge and analytical skill .

B- DEFINITIONS OF ACCOUNTING تعاريف المحاسبة

There are more definitions of accounting:

1- Accounting

The accounting is the art of recording, classifying, reporting, and interpreting (تسجيل، تصنيف، تقرير، وتفسير) the financial data of an organization. (منظمة)

2- Accounting

The accounting is the act of recording, classifying, and summarizing in a significant manner and in terms of money, transactions and events which are, in part at least, of a financial character, and interpreting the results thereof.

3- Accounting

The accounting is a services activity function of which is to provide quantities information about economic entities. The information is primarily financial in nature and is intended to be useful in making rational economic decisions (قرارات اقتصادية).

4- Accounting

The accounting is a social science (علم اجتماع) has its concepts and principles that used in applying the accounting cycle (الدورة المحاسبية) to achieve accounting functions and objectives.

5- Accounting

The accounting is an information system (نظام معلومات) that processes business transactions (عمليات تجارية) to various interested parties for making business and economic decisions.

C- USEFULNESS OF ACCOUNTING فوائد المحاسبة

The main usefulness of accounting can be given as follows:

- (1) The accounting keeps a systematic and permanent record (سجل دائم) of all financial transactions of a business.
- (2) The accounting keeps a record of revenues and expenses so that the net results of the business can be quickly known for any period.
- (3) The accounting keeps a record of assets and liabilities (الأصول والخصوم) projecting the financial position (الوضع) (لحظة زمنية) of the business at any moment of time.
- (4) The accounting protects (تحمي) the property of the business by designing the required system of accounting.
- (5) The accounting keeps a control on expenses to minimize the same.
- (6) The accounting provides information for meeting various legal requirements such as realization of the income tax purposes (أهداف ضريبة الدخل).

D- KINDS OF ACCOUNTING

أنواع المحاسبة

In general, There are two kinds of accounting:-

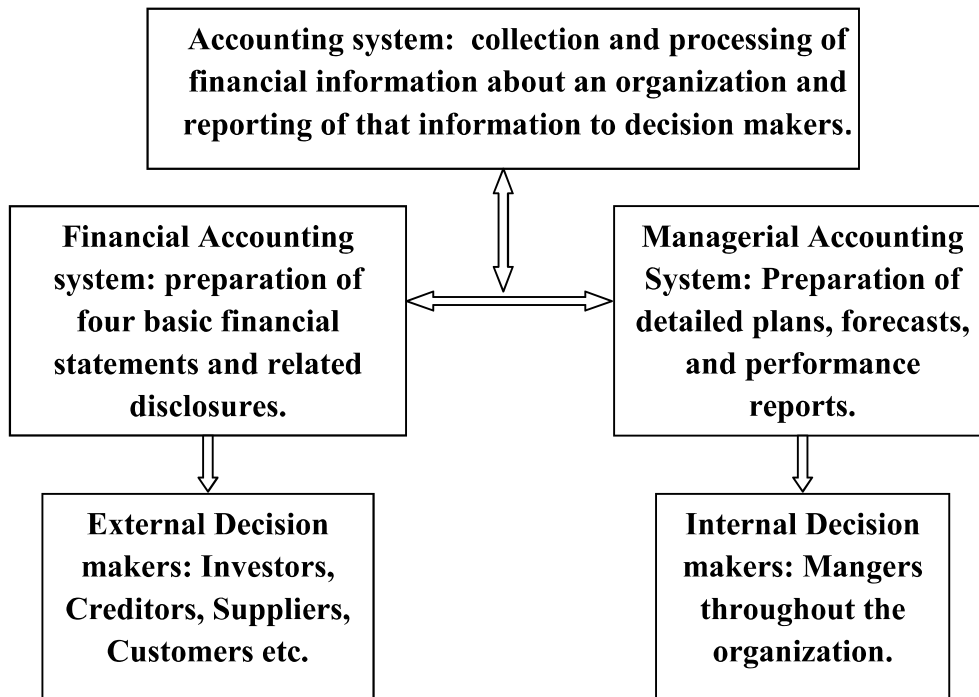
1- Financial Accounting المحاسبة المالية

Financial Accounting is the process of supplying (تجهيز) financial information to parties external.

2- Managerial Accounting المحاسبة الإدارية

Managerial Accounting is the process of supplying financial information for internal management use.

Figure (1)

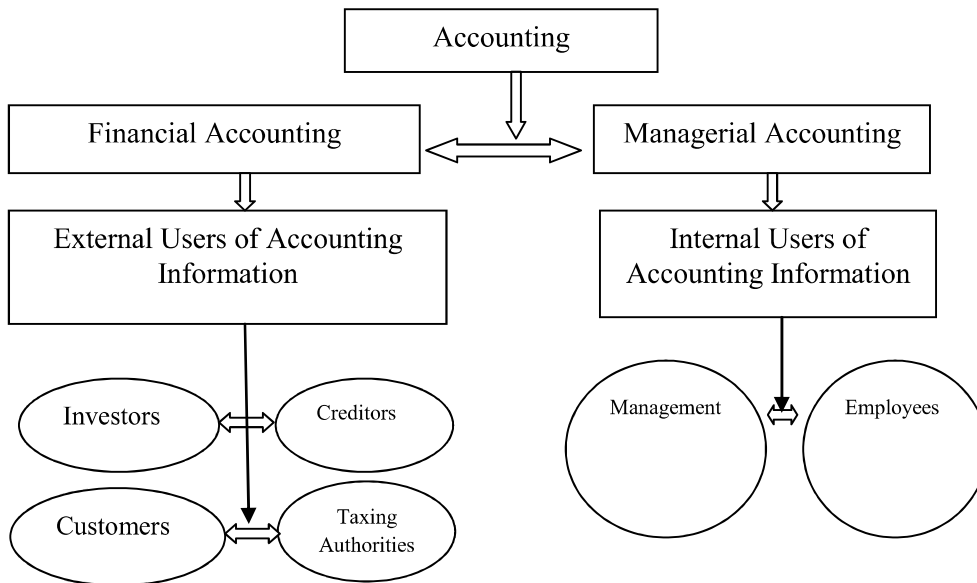


The accounting can be also, classified into the following categories:

- (1) Financial Accounting المحاسبة المالية
- (2) Cost Accounting محاسبة التكاليف
- (3) Managerial Accounting المحاسبة الإدارية
- (4) Government Accounting المحاسبة الحكومية
- (5) Tax Accounting المحاسبة الضريبية

This classification can be distributed between two main categories of accounting according the following diagram:

Figure (2)



E- THE MAIN USERS OF ACCOUNTING INFORMATIONS

المستخدمون الرئيسيون للبيانات المحاسبية

There are many potential users of accounting information, including shareholders, lenders, customers, suppliers, government institutions, employees and their organizations, and society at large significant. Anyone attached with an interest in the performance and activities of a company is traditionally called a stakeholder (مالك حصة).

For a business or organization to communicate its results and position to stakeholders, it needs a language that is understood by all in common. Hence, accounting has come to be known as the "language of business" لغة الأعمال.

The different users of accounting information can be classified as follow:-

- Shareholders المساهمين
- Investors المستثمرين
- Creditors الدائنين
- Government الحكومة
- Labors العاملين
- Researchers الباحثين
- Management (Administration) الإدارة
- Other Groups مجموعات أخرى

The Users of Accounting Information can be explained as follow:

(1) Shareholders المساهمين

The shareholders, in the company, are interested to know the results of operations of the company through the annual financial position statements showing the profit earned or loss suffered and the assets and liabilities.

(2) Investors المستثمرين

Those who are interested in buying the shares in a company, and advancing money to the company are also naturally interested in the financial statements to know how safe the investment already made is, and how safe the proposed investment will be.

(3) Creditors الدائنين

A number of suppliers make supplies on credit; they would like to be satisfied that they will be paid in time. The financial statements greatly help them in properly assessing property and the capability of the firm on payment.

(4) Government الحكومة

All the governments in the worlds are using financial statements for preparing statistics concerning business. The statements are of great importance for ascertaining the income tax payment.

(5) Labor العاملين

Workers are entitled for payment of bonus (المكافأة، الإضافي), which depends on the size of profit earned. Therefore, they would