CHAPTER-1  
Introduction to Accounting class 11 Notes Accountancy

17-6-2020

**Types of accounting information**

**Accounting information can be categorized into following:**

**1. Information relating to profit or loss i.e. income statement, shows the net profit of business operations of a firm during a particular accounting period.**

**2. Information relating to Financial position i.e. Balance Sheet. It shows assets on one side and Capital & Liabilities**

**on the other side.**

**Schedules and notes forming part of balance sheet and income statement to give details of various items shown in both of them.**

**Subfields/Branches of Accounting**

1. Financial Accounting:- It is that subfield**/Branch of accounting which is concerned with recording of business transactions of financial nature in a systematic manner, to ascertain the profit or loss of the accounting period and to present the financial position of the business.**

**2. Cost Accounting:- It is that Subfield/Branch of accounting which is concerned with ascertainment of total cost and per unit cost of goods or services produced/ provided by a business firm.**

**3. Management Accounting:- It is that subfield/Branch of accounting which is concerned with presenting the accounting information in such a manner that help the management in planning and controlling the operations of a business and in better decision making.**

**Interested users/parties of Accountings information’s and their Needs**

**There are number of users interested in knowing about the financial soundness and the profitability of the business.**

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| **Users** | **Classification** | **Information the user want** |
| **Internal** | **1. Owner** | **Return on their investment, financial health of their company/business.** |
| **2. Management**  **3. Employees** | **To evaluate the performance to take various decisions.**  **Profitability to claim higher wages and bonus, whether their dues**  **(PF, ESI, etc.) deposited regularly.** |
| **External** | **1. Investors and potential investors** | **To know about Safety, growth of their investments and future of the business.** |
| **2. Creditors** | **Assessing the financial capability, ability of the business to pay its debts.** |
| **3. Lenders** | **Repaying capacity, credit worthiness.** |
| **4. Tax Authorities** | **Assessment of due taxes, true and fair disclosure of accounting information,** |
| **5. Government** | **To compile national income and other information. Helps to take policy decisions.** |
| **6. Others** | **Customers, Researchers etc., may seek different in- formation for different reasons.** |