

U.TEC EDUCATION

CAPITAL AND REVENUE CONCEPTS OF ACCOUNTING



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Capital and Revenue Transactions

Introduction to Capital and Revenue Transactions

The concept of Capital and Revenue is very important in order to determine the accounting process correctly for a particular period of time. At the end of the accounting year, it is very necessary to bifurcate the transactions between capital and revenue for the recognition of the assets of the business.

Accounting is the process of identifying, recording, classifying, summarizing, interpreting, and communicating financial information relating to an organization to the interested users for judgment and decision-making. In this segment, some basic terms are discussed that can be helpful in understanding advanced accounting.

The transactions which have long-term effects on the business are known as capital transactions. Basically, by this, we understand that the effect of these transactions can be extended to a period of more than one year.

What are Business Transactions?

Transaction refers to a financial agreement or an economic event that various parties enter into and the details of the transaction are recorded in the books of accounts. Basically, it is an agreement between two parties that involves the transfer or exchange of goods or services. It is termed as 'Business Transaction' or 'Financial Transaction'.

Example: Purchase of goods, receipt of money from the debtors, payment to a creditor, purchase or sale of fixed assets, payment of interest, payment of dividend, etc.

Characteristics of a Business Transaction

- It is associated with money or money that is worth goods or services.
- It occurs when the transfer or exchange of goods and services takes place.
- It brings about a shift in the financial position of an organization (i.e., the assets and the liabilities of the organization).
- It makes an impact on the accounting equation of a business firm.
- It has two sides --- Receiving which is called Debit and Giving which is called Credit of the benefit.
- The total assets of a business must be equal to the total liabilities and capital of the firm after each transaction.
- The nature of each transaction must be verified very accurately since it determines the financial status of a business unit.

Classification of Business Transaction

A transaction can be of four types: Cash transaction and Credit transaction, External Transaction and Internal Transaction

Cash Transaction:

When the amount is received or paid immediately on entering into an agreement then it is a cash transaction.

Credit Transaction:

When an agreement is done between two parties wherein one party promises to pay at a later date then it is a credit transaction.

External Transaction:

When a transaction takes place between the business entity and the second party then it is called an external transaction.

Example: XYZ firm sold goods to Mr A.

Internal Transaction:

In this transaction, any second party is not involved.

Example: Depreciation charged on machinery

What are Revenue and Capital Transactions?

Revenue Transaction

When a transaction arises due to day-to-day business activities and the transaction affects only one accounting period or a transaction whose benefits are received within one year then it is called a revenue transaction.

Revenue transactions can be of the following two types.

- a. Revenue expenditure
- b. Revenue receipts

Revenue Expenditure:

It is the expenses incurred for the normal activities of the business and whose benefit is consumed within the accounting period. There is a direct relationship between the revenue and the accounting period.

Example: Rent of the establishment, electricity, salaries, cost of goods sold, etc.

Revenue Receipts:

The amount that is received or receivable for normal business activities like the sale of goods or rendering services or interests of business investments. This is shown in the Profit & Loss Account in the case of profit enterprises and in the Income and Expenditure account in the case of Non-profit organizations.

Example: Sale of goods, rendering services, interest on fixed deposits or capital investments, etc.

Capital Transaction

When a transaction has a considerable effect of more than one accounting period or a transaction whose benefit is received more than one year is called a Capital transaction.

A capital transaction can be of the following two types.

- a. Capital expenditure
- b. Capital receipts

Capital Expenditure:

It is the expense that is incurred while procuring assets or maintaining the existing assets which will increase the production capacity resulting in an increase in earning capacity. Capital expenditure is incurred to purchase tangible or intangible assets. This expenditure is shown in the Balance Sheet of the entity.

Example: Purchase of machinery to manufacture goods, computers to operate a business, money paid for goodwill, etc.

Capital Receipts:

It is the amount received or receivable by selling assets and they are not revenue in nature. They are also shown in the balance sheet of the entity.

Example: Amount received or receivable from the sale of machinery, building, furniture, investment, loan, etc.

Difference between Capital and Revenue Transaction

- Capital transactions consume long term benefits from the transactions whereas revenue transactions consume short term benefits from the transactions.
- The capital transaction has an irregular recurrence of transactions whereas revenue transaction has a regular recurrence of transactions.

Rules to Determine Capital Expenditure

Any type of expenditure that increases the earning capacity of that business is also considered as capital expenditure. Any expenditure which incurs on the improvement in the present condition of fixed assets to bring it back in a good working condition is considered as capital expenditure.

Those expenditures which are made for the purchase of fixed assets with the purpose of resale will not be considered as capital expenditure.

Rules to Determine Revenue Expenditure

- Expenditures that are incurred on the goods and services and consumable items.

- Expenditure that is incurred in maintaining the fixed assets like repairing and renewing is the revenue expenditure.
- Expenditures incurred on the day to day activities of the business entities are a revenue
- Expenditure. The benefits from revenue expenditures last for a period of one year only.

Important Accounting Terms

Capital

Capital is the amount invested by the proprietor in the business in the case of proprietorship or by partners in the case of the partnership business. It may be in the form of cash or in the form of assets.

Capital Profit

When a profit is earned by selling an asset of a business at a higher cost than the original cost then it is termed as capital profit. The profit earned from the sale of assets is credited to the profit & loss account as an unusual item of income. If the profit is earned on the sale of shares, then the profit earned from capital is credited to the Capital Reserve.

Capital Loss

The loss that is incurred on the sale of business assets or while raising more funds for the business, is called a capital loss. It is shown as fictitious assets in the balance sheet.

Revenue

Revenue is the cash inflow or receivables arising in the course of business activities of an enterprise from the sale of goods or from rendering services or interests earned from the usage of business resources by others, dividends on business investments, etc.

Note: Revenue is different from income.

Revenue Profit

When a profit is earned in the ordinary course of business operations then it is termed as revenue profit. The profit earned from revenue appears in the Profit & Loss Account. Revenue profit and revenue income are the same.

Example: Profit made from the sale of goods, income received from letting out business property, dividends received on investments, etc.

Revenue Loss

The loss that is incurred from the day-to-day operations of a business like the sale of goods, theft, bad debts, etc., is termed as revenue loss. It appears in the profit & loss account of the year in which it arises.

Deferred Revenue Expenditure

Some revenue expenses are the expenses, the benefit of which may be accrued in more than one financial year is termed deferred revenue expenditure. Every accounting year, a part of this expenditure is written off even though it is revenue in nature. It appears in the balance sheet till it is written off completely.

Example: Advertising expenses for branding, professional fees, discounts on shares and debentures, etc.

पूंजी और राजस्व लेनदेन का परिचय

किसी विशेष अवधि के लिए लेखांकन प्रक्रिया को सही ढंग से निर्धारित करने के लिए पूंजी और राजस्व की अवधारणा बहुत महत्वपूर्ण है। लेखांकन वर्ष के अंत में, व्यवसाय की संपत्ति की पहचान के लिए पूंजी और राजस्व के बीच लेनदेन को विभाजित करना बहुत आवश्यक है।

लेखांकन किसी संगठन से संबंधित वित्तीय जानकारी को पहचानने, रिकॉर्ड करने, वर्गीकृत करने, सारांशित करने, व्याख्या करने और निर्णय लेने और निर्णय लेने के लिए इच्छुक उपयोगकर्ताओं तक संचार करने की प्रक्रिया है। इस खंड में, कुछ बुनियादी शब्दों पर चर्चा की गई है जो उन्नत लेखांकन को समझने में सहायक हो सकते हैं।

वे लेन-देन जिनका व्यवसाय पर दीर्घकालिक प्रभाव पड़ता है, पूंजीगत लेन-देन कहलाते हैं। मूल रूप से, इससे हम समझते हैं कि इन लेनदेन का प्रभाव एक वर्ष से अधिक की अवधि तक बढ़ाया जा सकता है।

व्यावसायिक लेनदेन क्या हैं?

लेन-देन एक वित्तीय समझौते या एक आर्थिक घटना को संदर्भित करता है जिसमें विभिन्न पक्ष शामिल होते हैं और लेनदेन का विवरण खातों की किताबों में दर्ज किया जाता है। मूल रूप से, यह दो पक्षों के बीच एक समझौता है जिसमें वस्तुओं या सेवाओं का हस्तांतरण या विनिमय शामिल है। इसे 'व्यावसायिक लेनदेन' या 'वित्तीय लेनदेन' कहा जाता है।

उदाहरण: माल की खरीद, देनदारों से धन की प्राप्ति, लेनदार को भुगतान, अचल संपत्तियों की खरीद या बिक्री, ब्याज का भुगतान, लाभांश का भुगतान, आदि।

व्यापारिक लेन-देन के लक्षण

- यह उस धन या धन से जुड़ा है जो वस्तुओं या सेवाओं के लायक है।
- यह तब होता है जब वस्तुओं और सेवाओं का स्थानांतरण या विनिमय होता है।
- यह किसी संगठन की वित्तीय स्थिति (यानी, संगठन की संपत्ति और देनदारियां) में बदलाव लाता है।
- यह किसी व्यावसायिक फर्म के लेखांकन समीकरण पर प्रभाव डालता है।
- इसके दो पक्ष हैं---प्राप्त करना जिसे डेबिट कहा जाता है और देना जिसे लाभ का क्रेडिट कहा जाता है।
- किसी व्यवसाय की कुल संपत्ति प्रत्येक लेनदेन के बाद फर्म की कुल देनदारियों और पूंजी के बराबर होनी चाहिए।

- प्रत्येक लेनदेन की प्रकृति को बहुत सटीक रूप से सत्यापित किया जाना चाहिए क्योंकि यह किसी व्यावसायिक इकाई की वित्तीय स्थिति निर्धारित करता है।

व्यापारिक लेन-देन का वर्गीकरण

एक लेनदेन चार प्रकार का हो सकता है: नकद लेनदेन और क्रेडिट लेनदेन, बाहरी लेनदेन और आंतरिक लेनदेन

नकद लेनदेन:

जब किसी समझौते पर हस्ताक्षर करने पर राशि तुरंत प्राप्त या भुगतान की जाती है तो यह नकद लेनदेन है।

क्रेडिट लेनदेन:

जब दो पक्षों के बीच एक समझौता होता है जिसमें एक पक्ष बाद की तारीख में भुगतान करने का वादा करता है तो यह एक क्रेडिट लेनदेन है।

बाहरी लेनदेन:

जब कोई लेनदेन व्यावसायिक इकाई और दूसरे पक्ष के बीच होता है तो इसे बाहरी लेनदेन कहा जाता है।

उदाहरण: XYZ फर्म ने श्री ए को सामान बेचा।

आंतरिक लेनदेन:

इस लेन-देन में कोई दूसरा पक्ष शामिल नहीं है।

उदाहरण: मशीनरी पर लगाया गया मूल्यहास

राजस्व और पूंजी लेनदेन क्या हैं?

राजस्व लेनदेन

जब कोई लेनदेन दिन-प्रतिदिन की व्यावसायिक गतिविधियों के कारण उत्पन्न होता है और लेनदेन केवल एक लेखांकन अवधि या लेनदेन को प्रभावित करता है जिसका लाभ एक वर्ष के भीतर प्राप्त होता है तो इसे राजस्व लेनदेन कहा जाता है।

राजस्व लेनदेन निम्नलिखित दो प्रकार के हो सकते हैं।

- राजस्व व्यय
- राजस्व प्राप्तियाँ

राजस्व व्यय:

यह व्यवसाय की सामान्य गतिविधियों के लिए किया गया व्यय है और जिसका लाभ लेखांकन अवधि के भीतर उपभोग किया जाता है। राजस्व और लेखा अवधि के बीच सीधा संबंध है।

उदाहरण: प्रतिष्ठान का किराया, बिजली, वेतन, बेची गई वस्तुओं की लागत आदि।

राजस्व प्राप्तियाँ:

वह राशि जो सामान्य व्यावसायिक गतिविधियों जैसे माल की बिक्री या सेवाएं प्रदान करने या व्यावसायिक निवेश के हितों के लिए प्राप्त या प्राप्य है। यह लाभ उद्यमों के मामले में लाभ और हानि खाते में और गैर-लाभकारी संगठनों के मामले में आय और व्यय खाते में दिखाया गया है।
उदाहरण: वस्तुओं की बिक्री, सेवाएं प्रदान करना, सावधि जमा या पूंजी निवेश पर ब्याज आदि।

पूंजी लेनदेन

जब किसी लेनदेन में एक से अधिक लेखांकन अवधि का काफी प्रभाव होता है या जिस लेनदेन का लाभ एक वर्ष से अधिक प्राप्त होता है उसे पूंजी लेनदेन कहा जाता है।

पूंजी लेनदेन निम्नलिखित दो प्रकार का हो सकता है।

- पूंजीगत व्यय
- पूंजीगत प्राप्तियाँ

पूंजीगत व्यय:

यह वह व्यय है जो परिसंपत्तियों की खरीद या मौजूदा परिसंपत्तियों को बनाए रखने के दौरान किया जाता है जिससे उत्पादन क्षमता में वृद्धि होगी जिसके परिणामस्वरूप कमाई क्षमता में वृद्धि होगी। पूंजीगत व्यय मूर्त या अमूर्त संपत्ति खरीदने के लिए किया जाता है। यह व्यय इकाई की बैलेंस शीट में दिखाया गया है।

उदाहरण: सामान बनाने के लिए मशीनरी की खरीद, व्यवसाय संचालित करने के लिए कंप्यूटर, सद्भावना के लिए भुगतान किया गया पैसा आदि।

पूंजीगत प्राप्तियाँ:

यह संपत्ति बेचने से प्राप्त या प्राप्य राशि है और वे प्रकृति में राजस्व नहीं हैं। इन्हें इकाई की बैलेंस शीट में भी दिखाया जाता है।

उदाहरण: मशीनरी, भवन, फर्नीचर, निवेश, ऋण आदि की बिक्री से प्राप्त या प्राप्य राशि।

पूंजी और राजस्व लेनदेन के बीच अंतर

- पूंजीगत लेनदेन लेनदेन से दीर्घकालिक लाभ का उपभोग करते हैं जबकि राजस्व लेनदेन लेनदेन से अल्पकालिक लाभ का उपभोग करते हैं।
- पूंजी लेनदेन में लेनदेन की अनियमित पुनरावृत्ति होती है जबकि राजस्व लेनदेन में लेनदेन की नियमित पुनरावृत्ति होती है।

पूंजीगत व्यय निर्धारित करने के नियम

किसी भी प्रकार का व्यय जो उस व्यवसाय की कमाई क्षमता को बढ़ाता है उसे भी पूंजीगत व्यय माना जाता है। कोई भी व्यय जो अचल संपत्तियों की वर्तमान स्थिति में सुधार करके उसे अच्छी कार्यशील स्थिति में लाने के लिए किया जाता है, उसे पूंजीगत व्यय माना जाता है।

वे व्यय जो पुनर्विक्रय के उद्देश्य से अचल संपत्तियों की खरीद के लिए किए जाते हैं, उन्हें पूंजीगत व्यय नहीं माना जाएगा।

राजस्व व्यय निर्धारित करने के नियम

- वह व्यय जो वस्तुओं और सेवाओं तथा उपभोग योग्य वस्तुओं पर किया जाता है।
- मरम्मत और नवीनीकरण जैसी अचल संपत्तियों के रखरखाव में किया जाने वाला व्यय राजस्व व्यय है।
- व्यावसायिक संस्थाओं की दिन-प्रतिदिन की गतिविधियों पर किया गया व्यय राजस्व है
- व्यय। राजस्व व्यय से लाभ केवल एक वर्ष की अवधि तक रहता है।

महत्वपूर्ण लेखांकन शर्तें

पूँजी

पूँजी, स्वामित्व के मामले में मालिक द्वारा व्यवसाय में या साझेदारी व्यवसाय के मामले में भागीदारों द्वारा निवेश की गई राशि है। यह नकदी के रूप में या संपत्ति के रूप में हो सकता है।

पूँजीगत लाभ

जब किसी व्यवसाय की संपत्ति को मूल लागत से अधिक कीमत पर बेचकर लाभ कमाया जाता है तो इसे पूँजीगत लाभ कहा जाता है। परिसंपत्तियों की बिक्री से अर्जित लाभ को आय की एक असामान्य वस्तु के रूप में लाभ और हानि खाते में जमा किया जाता है। यदि शेयरों की बिक्री पर लाभ अर्जित किया जाता है, तो पूँजी से अर्जित लाभ को कैपिटल रिजर्व में जमा किया जाता है।

पूँजी हानि

व्यावसायिक परिसंपत्तियों की बिक्री पर या व्यवसाय के लिए अधिक धन जुटाने पर जो हानि होती है, उसे पूँजीगत हानि कहा जाता है। बैलेंस शीट में इसे फर्जी संपत्ति के तौर पर दिखाया गया है।

आय

राजस्व किसी उद्यम की व्यावसायिक गतिविधियों के दौरान माल की बिक्री से या सेवाएं प्रदान करने या दूसरों द्वारा व्यावसायिक संसाधनों के उपयोग से अर्जित हितों, व्यावसायिक निवेशों पर लाभांश आदि से उत्पन्न नकदी प्रवाह या प्राप्य है।

नोट: राजस्व आय से भिन्न है।

आय से लाभ

जब व्यवसाय संचालन के सामान्य क्रम में लाभ अर्जित किया जाता है तो इसे राजस्व लाभ कहा जाता है। राजस्व से अर्जित लाभ लाभ और हानि खाते में दिखाई देता है। राजस्व लाभ और राजस्व आय समान हैं।

उदाहरण: माल की बिक्री से प्राप्त लाभ, व्यावसायिक संपत्ति को किराये पर देने से प्राप्त आय, निवेश पर प्राप्त लाभांश आदि ।

राजस्व हानि

किसी व्यवसाय के दिन-प्रतिदिन के कार्यों जैसे माल की बिक्री, चोरी, खराब ऋण आदि से होने वाली हानि को राजस्व हानि कहा जाता है। यह उस वर्ष के लाभ और हानि खाते में दिखाई देता है जिसमें यह उत्पन्न होता है।

आस्थगित राजस्व व्यय

कुछ राजस्व व्यय वे व्यय होते हैं, जिनका लाभ एक वित्तीय वर्ष से अधिक में प्राप्त किया जा सकता है, आस्थगित राजस्व व्यय कहलाते हैं। प्रत्येक लेखा वर्ष में, इस व्यय का एक हिस्सा बढ़े खाते में डाल दिया जाता है, भले ही यह प्रकृति में राजस्व हो। यह बैलेंस शीट में तब तक दिखाई देता है जब तक कि इसे पूरी तरह से राइट ऑफ न कर दिया जाए।

उदाहरण: ब्रांडिंग के लिए विज्ञापन खर्च, पेशेवर शुल्क, शेयरों और डिबेंचर पर छूट आदि।

Depreciation

Depreciation in Accounting

Depreciation in the context of accounting methods is the determination of the cost incurred in the life expectancy or usage of a particular tangible asset.

The characteristics of depreciation are mentioned below:

- Depreciation is a loss of value that takes place for tangible assets due to the passage of time.
- It is primarily the decrease that is recorded in fixed assets' book value.
- Depreciation is necessarily a continuous process until it reaches the conclusion of the lifespan of the assets.
-
-

Reasons for Depreciation

There are a host of different causes that lead to the depreciation of physical assets.

- The passage of time and regular wear and tear leads to deterioration which in turn causes a decrease in the asset value. Such deterioration may also arise from revenue-generating activities of the asset as well as business operations.

- In a few instances, with the expiry of legal rights which are inherent to a certain class of assets, the latter loses its value with the expiry of the pre-determined period.
- The tangible asset may also become out-of-date, causing its value to go in a downward spiral. In this case, the particular asset becomes outdated, and usually, newer substitutes are made available.
-
-

Methods of Depreciation

The types of depreciation calculation owing to its methods are indicated below:

1. Straight-Line Method

In case of straight-line depreciation calculation, the amount of expense is the same for each year of the asset lifespan.

The depreciation formula is –

$$\text{Depreciation Expense} = (\text{Cost} - \text{Salvage Value}) / \text{Useful Life}$$

2. Units of Production Method

An asset is depreciated on the basis of the total number of units that are generated by utilizing the asset or the total number of hours for which it has been used across its lifespan.

The depreciation formula is –

$$\text{Depreciation Expense} = (\text{Number of Units that have been Produced} / \text{Life in Number of Units}) \times (\text{Cost} - \text{Salvage Value})$$

3. Double Declining Balance Method

Double declining balance depreciation method causes a higher amount of expenses in the previous years when compared to the latter years of the lifespan of a particular asset. It shows that such classes of assets are significantly more productive in its earlier years.

The depreciation formula is –

$$\text{Depreciation Expense on a Periodic Basis} = \text{Beginning Book Value} \times \text{Depreciation Rate}$$

4. Sum-of-Years Digits Method

The sum-of-years digits method of depreciation is accelerated when compared to other methods. In the early years of the lifespan of an asset much higher expense is incurred, and as the years' progress, the expenses reduce. For this

calculation, the asset's remaining life is divided by the aggregate of years and subsequently multiplied by the depreciating base.

The depreciation formula is –

$$\text{Depreciation Expense} = (\text{Remaining Life} / \text{Sum-of-Years Digits}) \times (\text{Cost} - \text{Salvage Value})$$

Different Aspects of Straight Line Method of Depreciation

The benefits of the straight-line method of depreciation are –

- Given that it is a relatively simple method for calculation of depreciation, asset depreciation can go up to zero value which is also the net scrap value.
- In the profit and loss account, pursuant to this method, the same is charged as the depreciation amount.
- **For examples:** A firm purchases a machine for Rs. 2,25,000 on April 1, 2013. The expected life of this machine is 5 years. After 5 years the scrap of this machine would be realized Rs. 25,000. Under straight line method, the amount of depreciation can be calculated as under:

$$\text{Annual Depreciation} = \frac{2,25,000 - 25,000}{5}$$

$$= \text{Rs. } 40,000$$

Hence Rs. 40,000 will be charged every year as depreciation on this machine.

Written Down Value Method of Depreciation

Written down value essentially indicates the asset value after accounting amortization or depreciation. It shows what is the present worth of an asset that has already been purchased.

(The term, amortization is mostly used with respect to intangible assets. The concept of amortization includes the measure of writing off certain intangible assets such as copyrights, patents, franchises, trademarks, etc. It can be understood that those aspects are also covered under the written down value method of depreciation)

The calculation of the written-down value is done by subtracting the amortization or the accumulated depreciation from the original value of the asset. The depreciation becomes a fixed percentage of the asset's original cost. The written-down value figure will reflect on the balance sheet.

Q. M/s. Bharat and sons purchased a machine on 1 Apr 2015 for ₹400000 from ABC & Co. and paid ₹100000 on its installation. The useful life of the machine is 3 years and its estimated residual value is ₹40000. On 31st March 2018, M/s. Bharat and sons sell the machinery for 250000.

Charge depreciation as per the W.D.V. method @10 % p. a. Prepare the necessary **ledger** accounts in the books of Anil for the year ending 31st December every year.

Ans: In the **books** of M/s. Bharat and sons

Machinery A/c

Date	Particulars	Amount	Date	Particulars	Amount
2015			2015		
1 Apr	To ABC & Co. A/c	400000	31 Dec	By Depreciation A/c	37500
	To Cash A/c (installation exp.)	100000	31 Dec	By balance c/d	462500
		-			-
		<u>500000</u>			<u>500000</u>
2016			2016		
1 Jan	To balance b/d	462500	31 Dec	By Depreciation A/c	46250
			31 Dec	By balance c/d	416250
		<u>462500</u>			<u>462500</u>
2017			2017		
1 Jan	To balance b/d	416250	31 Dec	By Depreciation A/c	41625
			31 Dec	By balance c/d	374625
		<u>416250</u>			<u>416250</u>
2018			2018		
1 Jan	To balance b/d	374625	31Mar	By Depreciation A/c	9366
			31 Mar	By Cash A/c	250000
				By Profit & Loss A/c (loss on sale)	115259
		<u>401625</u>			<u>401625</u>

Example 2-

On 01/04/2017 Machinery purchased for Rs 11,00,000/- and paid for transportation charge 1,50,000/- to install the machine in our plant and paid installation charges also for Rs 50,000/-. The rate of Depreciation @ 10% Year ending 31 March.

Example-3

On 1st April, 2016, X Ltd. Purchased a machine costing Rs 4,00,000 and spent Rs 50,000 on its installation. The estimated life of the machinery is 10 years, after which its residual value will be Rs 50,000 only. Find the amount of annual depreciation according to the Fixed Instalment Method

मूल्यहास का अर्थ

मूल्यहास को अचल संपत्तियों के बुक वैल्यू में निरंतर, स्थायी और क्रमिक कमी के रूप में परिभाषित किया जा सकता है। इस प्रकार की सिकुड़न किसी फर्म में उपयोग की गई संपत्ति की लागत पर आधारित होती है, न कि उसके बाजार मूल्य पर।



DEPRECIATION

मूल्यहास की विशेषताएं

मूल्यहास की तीन प्रमुख विशेषताएं निम्नलिखित हैं:

- मूल्यहास अचल संपत्तियों के पुस्तक मूल्य में कमी है।
- मूल्यहास में समय बीतने और अप्रचलन के कारण संपत्ति के मूल्य में कमी शामिल है।

- मूल्यहास संपत्ति के जीवन के अंत तक चलने वाली एक प्रक्रिया है।

मूल्यहास के कारण

1. **उपयोग या समय बीतने के कारण टूट-फूट:** टूट-फूट और कुछ नहीं बल्कि गिरावट है और किसी संपत्ति के मूल्य में कमी आती है, जो राजस्व अर्जित करने के लिए व्यावसायिक संचालन में इसके उपयोग के परिणामस्वरूप होती है।
2. **कानूनी अधिकारों की समाप्ति :** पूर्व निर्धारित अवधि की समाप्ति के बाद व्यवसाय में उनके उपयोग को निर्देशित करने वाले समझौते के समाप्त होने के बाद संपत्ति की कुछ श्रेणियां अपना मूल्य खो देती हैं।
3. **अप्रचलन:** अचल संपत्तियों के मूल्यहास के लिए अप्रचलन एक अन्य कारक है। सामान्य भाषा में अप्रचलन का अर्थ है "पुराना हो जाना"। अप्रचलन से तात्पर्य बेहतर प्रकार की संपत्ति की उपलब्धता के कारण किसी वास्तविक संपत्ति के अप्रचलित होने से है।
4. **असामान्य कारक:** परिसंपत्ति के उपयोग में गिरावट असामान्य कारकों के कारण हो सकती है। अर्थात्, भूकंप, आग, बाढ़ आदि के कारण होने वाली दुर्घटनाएँ, आकस्मिक हानि स्थायी होती है लेकिन निरंतर नहीं।

Types of Rectification of Errors

Meaning of Rectification of Error

To revise a mistake and make amends for it is known as "Rectification of Errors". Rectification of Errors is basically of two types. One of the most common [types of errors](#) are committed on both sides of an entry. This does not influence the trial balance and can be rectified by making a journal entry.

These mistakes can occur while posting the journal entries to the ledger accounts, classifying these accounts, and carrying the balance forward, etc. We will learn in-depth about the types of these errors in our following section.

Types of Rectification of Errors

1. **Errors of omission:** These errors occur in cases like when the entire transaction has been omitted from the books of accounts. From the word 'omitted' this error got the name 'Errors of Omission'. This normally happens when the transaction is not recorded in the books of the original entry.
2. **Errors of commission:** These errors happen due to any wrong committed by the accountant. Again, from the word 'commission' the error got its name as 'Errors of Commission'. This might happen due to the

wrong balances in an account, wrong posting of other accounts, the wrong carryforwards, wrong totaling, etc.

3. **Errors of principle:** Errors of principle are committed in those cases where a distinction between the revenue and the capital item is not differentiated. This is the error of principle when the accountant denies accepting the principle of common accounting practices.
4. **Compensating errors:** As indicated by the name, compensating errors are those errors which naturally compensate each other.

Trial Balance and Rectification of Errors

In case of an untallied trial balance, we know that at least one error has occurred.

The error or the errors have occurred at one of those stages in the accounting process, while:

1. totaling the subsidiary books
2. posting the journal entries in their respective ledger
3. calculating its account balances
4. posting the account balances to the trial balance
5. at the time of totaling the trial balance columns.

This is to be noted that the accounting accuracy is not ensured, although the totals of debit and credit balances are equal as these errors do not affect the equality of the debits and credits.

Rectification of Errors Suspense Account

For the one-sided errors in the books, the trial balance refuses totally, then an accountant puts the difference between the debit and credit side of the trial balance on the shorter side as the Suspense A/c. After locating and rectifying the errors, the balance in the Suspense A/c reduces and consequently ends up becoming zero. Thus, the Suspense A/C cannot be categorized. This is a temporary account that can have a debit or credit balance depending upon the situation.

When an accountant uses the Suspense A/c to rectify the one-sided errors, he needs to follow the following steps:

- Identify the account with the error.
- Ascertaining the excess debit or credit.
- In case of a shorter debit or an excess credit in an account, the concerned account is thus debited. In case of short credit or an excess debit in an account, we need to credit the similar affected account.
- Then pass the necessary journal entry by debiting or crediting the Suspense A/c.

लेखांकन में त्रुटि सुधार (Error Rectification in accounting):-

त्रुटि (Error) का मतलब है गलती। जब हम यहां कुछ काम कर रहे होते हैं तो कई बार गलती करने के भी मौके होते हैं। इसलिए, एक लेखाकार की रिकॉर्डिंग, पोस्ट (Post) करने या खाता बही को संतुलित करने के दौरान कई संभावनाएं हैं कि उसने अपने काम में गलती की है इस प्रकार की गलती को लेखांकन त्रुटियों के रूप में जाना जाता है। इन गलतियों को सुधारने की प्रक्रिया को **त्रुटि सुधार (Error Rectification)** के रूप में जाना जाता है।

ट्रायल बैलेंस (Trial Balance) जर्नल में लेनदेन की रिकॉर्डिंग की अंकगणितीय सटीकता की जांच करने के लिए तैयार किया जाता है, खाताधारक के लिए पोस्टिंग, और पार्टनर्स खातों को संतुलित करना। जब ट्रायल बैलेंस पर सहमति हो जाती है तो यह मान लिया जाता है कि जर्नलिंग, पोस्टिंग और बैलेंसिंग की सभी प्रक्रिया में कोई त्रुटि नहीं है। यदि परीक्षण संतुलन पर सहमति नहीं है, तो इसका मतलब है कि उपरोक्त किसी भी प्रक्रिया में त्रुटियां (Errors) हैं और त्रुटि (Error) का पता लगाने के प्रयास किए जाते हैं।

लेकिन परीक्षण संतुलन का समझौता सभी त्रुटि-मुक्त (Error Free) लेखांकन का प्रमाण नहीं है कुछ प्रकार की त्रुटियां (Errors) हैं जो परीक्षण शेष के कुल को प्रभावित नहीं करेंगी। उदाहरण के लिए, किताबों में पूरे लेन-देन की गैर-रिकॉर्डिंग, यह ट्रायल बैलेंस के कुल को प्रभावित नहीं करेगा क्योंकि हमने न तो डेबिट दर्ज किया और न ही क्रेडिट। इसलिए, हम सभी त्रुटियों को दो मुख्य शीर्षकों में विभाजित कर सकते हैं,

- i) त्रुटि जो परीक्षण शेष द्वारा प्रकट की गई है और,
- ii) त्रुटि जो परीक्षण शेष द्वारा प्रकट नहीं हुई है।

त्रुटियों का प्रकार (Types Of Errors): –

खातों की पुस्तकों में, किसी भी स्तर पर त्रुटियां हो सकती हैं जैसे कि जर्नलिंग, पोस्टिंग, बैलेंसिंग और ट्रायल बैलेंस तैयार करना। इसलिए, सभी त्रुटियां, चाहे परीक्षण संतुलन को प्रभावित करती हैं या नहीं, उनकी प्रकृति के आधार पर निम्नलिखित चार श्रेणियों में वर्गीकृत की जाती हैं: –

1. प्रवेश की त्रुटियां (Errors of Omission)
2. आयोग की त्रुटियां (Errors of Commission)
3. सिद्धांत त्रुटियां (Principle Errors)
4. मुआवजा देने वाली त्रुटियां (Compensating Errors)

1. प्रवेश की त्रुटियां (Errors of Omission):-

जब लेन-देन मूल प्रविष्टि पुस्तकों में दर्ज नहीं किया जाता है या खाता बही में पोस्ट नहीं किया जाता है, तो इसे चूक की त्रुटि के रूप में जाना जाता है। चूक की एक त्रुटि को दो प्रकारों में विभाजित किया जा सकता है अर्थात् पूरी तरह से छोड़ी गई या आंशिक रूप से छोड़ी गई।

2. आयोग की त्रुटियां (Errors of Commission): –

खातों की वित्तीय लेनदेन में गलत रिकॉर्डिंग के कारण कमीशन की एक त्रुटि। जैसे गलत खाते या खाता खातों का संतुलन, खाता खाते में गलत पोस्टिंग, गलत राशि आगे और किसी खाते के शेष को कास्टिंग के तहत या उससे आगे ले जाती है। इस प्रकार की त्रुटि को निम्न प्रकार में विभाजित किया जा सकता है: –

रिकॉर्डिंग त्रुटि (Recording Error): –

जब एक लेखाकार मूल प्रविष्टि पुस्तक में गलत राशि के साथ लेनदेन करता है। **उदाहरण के लिए:** – वेतन कर्मचारी को 10,000 / – रु। का भुगतान किया जाता है, लेकिन नकद खाते में दर्ज किया जाता है और 1000 / – रु। वेतन खाते में इस प्रकार का परीक्षण शेष राशि के समझौते को प्रभावित नहीं करता है।

लेजर बैलेंसिंग त्रुटि (Ledger Balancing Error): –

कुछ खाता बही के गलत संतुलन के कारण इस प्रकार की त्रुटियां उत्पन्न हो रही हैं। इस प्रकार की त्रुटियां परीक्षण संतुलन के समझौते को प्रभावित करती हैं। **उदाहरण के लिए:** – फर्नीचर और फिक्सेशन अकाउंट का बैलेंस 1000 / – रुपये से अधिक हो गया है, इसलिए इस त्रुटि के कारण ट्रायल बैलेंस का डेबिट पक्ष भी 1,000 / – रुपये से अधिक होगा।

पोस्टिंग त्रुटि (Posting Error): –

मूल प्रविष्टि पुस्तिका में सही लेन-देन दर्ज होने पर गलत तरीके से खाता बही पोस्ट करने पर ये त्रुटियां उत्पन्न होती हैं। इसे निम्न प्रकार में विभाजित किया जा सकता है

- i. खाता बही के दाईं ओर गलत राशि के साथ पोस्ट किया गया,
- ii. खाता बही के गलत पक्ष पर सही राशि के साथ पोस्ट किया गया।
- iii. गलत बही खाते में गलत राशि पोस्ट की गई लेकिन सही तरफ।
- iv. सही राशि गलत बही में पोस्ट की गई।
- v. खाता बही खाते में दो बार पोस्टिंग।

गलत संतुलन को आगे ले जाने की एक त्रुटि (An error of Carrying forward the wrong balance): –

यह त्रुटि तब बढ़ जाती है जब एक लेखाकार अगले वर्ष या परीक्षण शेष में खाता बही के गलत संतुलन को आगे बढ़ाता है। इस प्रकार की त्रुटि परीक्षण संतुलन के समझौते को प्रभावित करेगी।

3.सिद्धांत त्रुटियां (Principle Errors): –

सिद्धांत की त्रुटियों का अर्थ है GAAP का उल्लंघन (आमतौर पर स्वीकृत लेखांकन सिद्धांत) पूंजी और राजस्व व्यय या आय के बीच व्यय या आय का गलत आवंटन। यह ध्यान देने योग्य है कि इन दो वस्तुओं के बीच उचित आवंटन इस मायने में बहुत महत्वपूर्ण है कि अनुचित आवंटन से वित्तीय विवरणों के माध्यम से गलत और भ्रामक परिणाम प्राप्त होंगे। इस प्रकार की त्रुटि परीक्षण संतुलन में अघोषित या अधिक संपत्ति, व्यय, देनदारियों या आय को दिखाएगी। यह निम्नलिखित दो प्रकारों में एक लाभांश हो सकता है

1. राजस्व मद के रूप में कैपिटल आइटम का इलाज करना (Treating Capital item as the revenue item)
2. राजस्व मद को पूंजीगत वस्तु के रूप में मानना। (Treating Revenue item as a capital item.)

4.मुआवजा देने वाली त्रुटियां (Compensating Error): –

जब दो या दो से अधिक त्रुटियों को इस तरह से उठाया जाता है कि एक त्रुटि का प्रभाव दूसरों के प्रभाव से क्षतिपूर्ति करता है, तो क्षतिपूर्ति त्रुटि के रूप में जाना जाता है। ये त्रुटि परीक्षण संतुलन के समझौते को प्रभावित नहीं करती है।

Problem : Rectify the following Errors :

- (1) Rs. 5,000 Paid for furniture purchased has been debited to purchases account.
- (2) Wages paid Rs. 7,000 for installation of new machinery were recorded in wages account.
- (3) Goods sold to Hari Rs. 10,000 not recorded.
- (4) Rs. 2,500 received from Monu has been credited to Sonu A/c.
- (5) Rent paid Rs. 1,000 wrongly debited to Landlord Account.
- (6) Credit Purchase from Raman Rs. 15,000 were wrongly recorded in sales book.
- (7) Credit sales to Geeta Rs. 8800 were recorded as Rs, 8,000
- (8) Goods Rs. 5,000 withdrawn by proprietor has not been recorded.

Give journal entries to rectify the following errors:

- i.** Purchase of goods from Mr. Raees amounting to Rs. 25,000 has been wrongly passed through the sales book.
- ii.** Credit sale of goods Rs. 30,000 to Mr. Anees has been wrongly passed through the purchases book.
- iii.** Sold old furniture for Rs. 3,500 passed through the sales book.
- iv.** Paid wages for the construction of Building debited to wages account Rs. 100,000.
- v.** The sales day book is undercast by Rs. 2,000.
- vi.** Paid Rs. 10,000 for the installation of Machinery debited to wages account.
- vi.** The purchases day book is undercast by Rs. 1,500.

Rectify the following errors:

- (i) Credit sales to Mohan Rs 7,000 were recorded as Rs 700.
- (ii) Credit purchases from Rohan Rs 9,000 were recorded as Rs 900.
- (iii) Goods returned to Rakesh Rs 4,000 were recorded as Rs 400.
- (iv) Goods returned from Mahesh Rs 1,000 were recorded as Rs 100.

Rectify the following errors:

- (a) Credit Sales to Mohan Rs 7,000 were recorded in purchases book.
- (b) Credit Purchases from Rohan Rs 900 were recorded in sales book.
- (c) Goods returned to Rakesh Rs 4,000 were recorded in the sales return book.
- (d) Goods returned from Mahesh Rs 1,000 were recorded in purchases return book.
- (e) Goods returned from Nahesh Rs 2,000 were recorded in purchases book.

Rectify the following errors:

- (a) Sales book overcast by Rs 700.
- (b) Purchases book overcast by Rs 500.
- (c) Sales return book overcast by Rs 300.
- (d) Purchase return book overcast by Rs 200.

Rectify the following errors:

- (a) Sales book undercast by Rs 300.
- (b) Purchases book undercast by Rs 400.
- (c) Return Inwards book undercast by Rs 200.
- (d) Return outwards book undercast by Rs 100.

Business Communication: Definition, Types, Examples, Importance, Methods, Functions

Introduction

Communication is an essential element in the success of any business. The process of transferring information from one person to another, within and outside the business environment, is termed as '**Business Communication.**' The term 'Business Communication' is derived from general communication which is associated with business activities. In other terms, communication between business parties or people for business-related tasks is considered as '**Business Communication.**'

Definitions

Different scholars have given different definitions of Business Communication. Few of them are mentioned below:

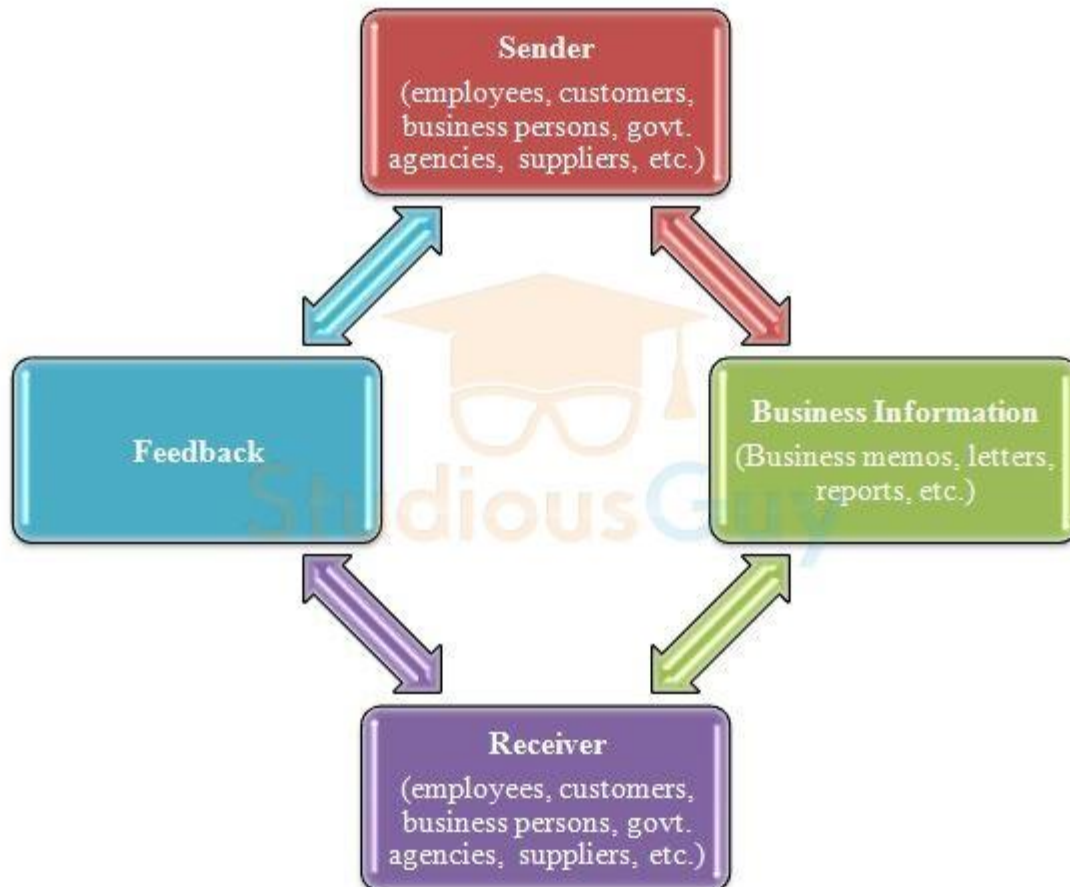
According to Ricks and Gow defined Business Communication as a system that is responsible to affect change throughout the whole organization.

According to W.H. Business Communication is exchanging business-related different views, ideas, and news within the related parties.

Effective business communication is the way employees and management communicate to achieve organizational goals. The objective is to improve organizational efficiency by reducing mistakes. Business Communication includes different aspects like marketing, public relations, customer relations, corporate and interpersonal communication, etc.

Basic elements of Business communication:

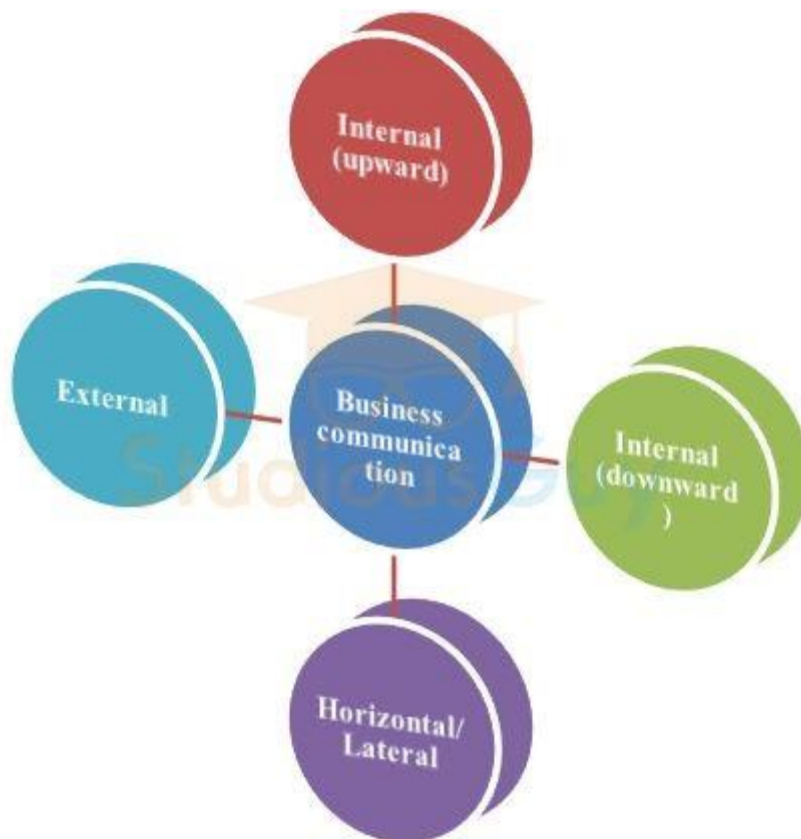
- Sender
- Business information
- Receiver
- Feedback



The above elements indicate business communication as a process in which information or news related to business is exchanged between different business parties like customers, suppliers, business clients, employees, etc. for the purpose of effective administration of the business.

Types of Business Communication along with Examples

There are 4 main types of business communication in any organization or business i.e.



1. Internal Business Communication

Internal Business Communication means communication that occurs within the members of the organization. This communication includes both **formal** and **informal** communication. Also, different departments that transmit communication by different means to employees come under internal communication. Internal communication should be effective as it is a vital source of viewing and representing organizational issues.

a. Internal (Upward) Communication: This type of internal communication involves the bottom to the top management approach. Here, the information flows from subordinates to managers or any person that is on the upper in the hierarchy level.



The characteristics of upward internal business communication include:

- It includes bottom to top approach i.e. subordinates to superiors.
- Its nature is participative.
- The main purpose is to provide timely feedback, suggestions, making requests, escalating any issues or concerns, etc. to superiors.
- The flow of the information is from the lower level to the upper level.

b. Internal (Downward) Communication: In downward communication, the information flows from the top-level management to the employees in an organization. This information is related to passing on instructions to subordinates or employees to do their respective tasks. Downward communication is being used by managers to communicate different goals, procedures and policies, guidelines, decisions, instructions, etc. to their subordinates.

The written form includes different notices, manuals, news display in electronic form, etc. whereas, the oral form of downward communication includes different face-to-face conversations, telephonic communication, meetings, etc.



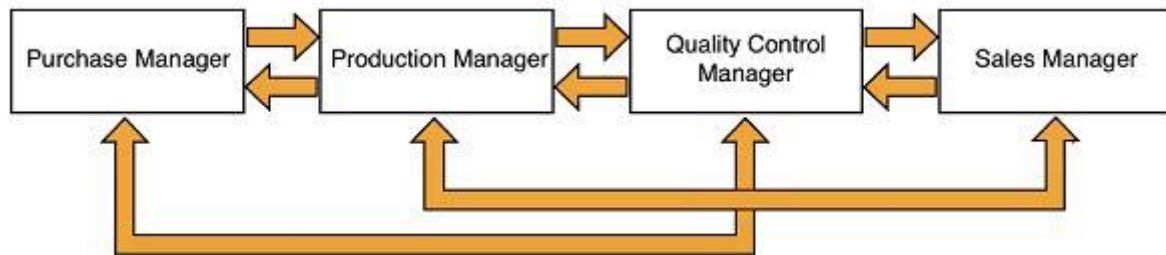
For example, the top-level management may instruct managers of different departments on certain new rules and regulations in the work area that need to be carried out in routine activities of different departments. Like there may be a change in the office working hours or office timings by the management and the same is communicated to employees by circular or notice or through the e-mail system.

The characteristics of downward internal business communication include:

- It includes top to bottom approach i.e. superiors to subordinates.
- Its nature is directive.
- Main purpose is to communicate organizational objective, plans and procedures, instructions, etc. to subordinates.
- The flow of the information is from the upper level to the lower level.

2. Horizontal/Lateral Business Communication

Lateral or horizontal communication is related to communication among co-workers i.e. either **verbal communication** or **written communication**. This may include inter-departmental communication or communication between cross-departments and can be between people of the same or similar rank in a company. This is a crucial communication to achieve the desired results.



For example, the Marketing head of an organization is supposed to communicate about market trends, customer needs and expectations, product demand scenario, etc. to a production head for production of products accordingly.

Similarly, the HR manager of an organization works with different department heads for different functioning like hiring, training needs of employees, performance appraisals, welfare activities, etc.

3. External Business Communication

Communication with people who are external to the organization is known as external business communication. These people can be customers or shareholders or suppliers or partners or regulatory bodies, etc.

For example, the purchase department supervisor may communicate with vendors for purchase quotations of raw-material and similarly, the sales department communicates with customers for sales of goods or services.



Importance of Business Communication



Importance of business communication in an organization can be seen in the below points:

- 1. Helps in increasing productivity:**
- 2. Helps in increasing customers**
- 3. Enhances business partnerships:**
- 4. Facilitates innovations in business:**
- 5. Information exchange:**
- 6. Preparation of plans and policies**
- 7. Execution or implementation of plans and policies**
- 8. Boost the efficiency of employees**
- 9. Goals achievement**
- 10. Helps in solving problems or issues**

Business Communication Methods

Different methods of communicating in a business are as below:



1. In-person (Face-to-Face) Business Communication: In-person communication is the most common and preferred method of business communication. As it is generally in the form of meetings or conferences which is face to face communication format. This requires refined in-person skills. This method also includes non-verbal communication i.e. body language. While having a conversation between two or more people in business, body language like gestures, facial expression, etc. also play a vital role in communicating a person's attitude towards others.

2. Communication by email system: An e-mail has become the most widely used communication system in any business. Due to its feature of sending and receiving mass or multiple messages at a time, email is considered as one of the preferred methods in business communication. It also increases efficiency as emails can be sent and responded in fast mode. The



3. Web conferencing: In the web conferencing method of business communication, the internet is being used for communication in meetings,

conferences, presentations, seminars, and imparting training. It includes features like sharing of files, screens, real-time chatting, recording, etc. Web conferencing is done by using the phone (teleconferencing) or video equipment (videoconferencing).



4. Written communication: It is a detailed form of communication to

It is a formal and different written documents, etc.



5. Other methods: There are other business communication methods like an instant messaging system. This technology is easy to use as one can easily connect with people while working offsite and have conversations without waiting so long.

Business Communication Functions

1. Communicating job functions to employees: Informing about assigned job roles is a crucial key function of business communication. Team members having clarity on expected job tasks and how they can contribute to achieving objectives of the organization by fulfilling their job functions, they can contribute more to the completion of their assigned tasks.

2. Providing adequate feedback: Providing timely and accurate feedback to employees and customers is also an important function of business

communication. The performance of employees can be enhanced by providing regular feedback to them regarding their work performance and competencies. This helps them to understand their current skill set, strengths and also they can fill any gap in case of any shortage of required skills.

3. Convincing clients: Business communication is also often used to convince prospective customers, clients and business partners in order to finish a business deal or transaction. This type of communication can be in both oral and written form like a Sales Officer may convince a client on phone call or in written form.

4. Employee motivation for better decision-making: Communication in businesses is used in a strategic form to enhance the decision-making capability of employees related to their daily activities and for their long-term objectives related to the business.

5. Building social bonds: Communication has a critical role in supporting employees to build a social circle or bond. Some organizations have an open culture or work environment in which employees from all levels can communicate with each other and their superiors freely.

What is Business Communication

Business communication (व्यावसायिक संचार) में कंपनी से जुड़े जानकारी का उसके कर्मचारी या संगठन के बाहर के लोगो के साथ आदान प्रदान करना होता है। Business को प्रभावी तरीके से प्रबंधित करने और उसमें शामिल योजना, आयोजना, निर्देशन और यंत्रणा आदि, को अच्छी तरीके से कार्यरत रखने के लिए business communication जरूरी होती है।

शुरुवाती समय के दौरान business communication सिर्फ मौखिक, कागज में लिखित या टेलीफोन संचार से ही किया जाता था लेकिन आज के समय में business communication हम कहीं तरीकों से कर सकते हैं। जैसे: phone call, msg, email, video call, satellite communication, etc. जिस व्यवसाय में व्यावसायिक संचार मजबूत होता है उस व्यवसाय की संगठना उतनी ही मजबूत होती है।

Importance of Business Communication in Hindi

व्यवसाय में किसी भी तरह की जानकारी, निर्देशन, रणनीति, [ग्राहक सेवा](#), ब्रांडिंग आदि के बारे में स्पष्ट और सटीक संदेश देने के लिए Business Communication बहुत उपयोगी होता है।

व्यवसाय में कर्मचारियों के बीच सही तालमेल बनाए रखने या उन्हें किसी कार्य के लिए प्रेरित करने के लिए business communication जरूरी होता है। Business communication से किसी भी [व्यवसायी](#) को अपने कंपनी की vision और mission को अपने सहकर्मी और कर्मचारियों को समझाने में मदद मिलती है जिससे कंपनी सही दिशा की ओर कार्यरत होती है और जल्द सफलता मिलती है।

प्रभावी संचार से सकारात्मक वातावरण निर्माण होता है और किसी भी तरह की गलतफहमी या अफवाह नहीं होती। गलतफहमी के चलते कहीं कर्मचारियों में संघर्ष हो जाता है जिससे कंपनी को भारी मात्रा में नुकसान हो सकता है।

किसी भी व्यवसाय की सफलता उसके ग्राहकों से होती है इसलिए बेहतर ग्राहक सेवा जरूरी होती है, ग्राहकों के सवाल और शंका को दूर करने और ग्राहक सेवा को बेहतरीन करने के लिए ग्राहकों के साथ प्रभावी संवाद किया जा सकता है।

Types of Business Communication

व्यापार में प्राथमिक दो प्रकार के business communication (व्यवसायिक संचार) होते हैं। जो किसी कंपनी के अपने कर्मचारी के साथ और उपभोक्ता के साथ हो सकते हैं।

Internal communication

Internal communication दल के सदस्यों के अंतर्गत में होती है। Internal communication को सफल व्यवसाय का दिल कहा जाता है। जब कर्मचारी जानकारी, विचारों और योजनाओं को सही प्रभावी रूप से एक दूसरे के साथ आदान प्रदान करने में सक्षम हो जाता है तो उसका असर पूरे कंपनी पर पड़ता है और उससे productivity भी बढ़ती है। Internal communication के प्राथमिक 3 प्रकार होते हैं जो कंपनी में इस्तेमाल किए जाते हैं।

Upward communication

Upward business communication में मैनेजर या कर्मचारी से जानकारी सीधा उच्च स्तर के कार्यकारी या मालिक को दी जाती है। Upward communication से कंपनी में नीचे स्तर पर चल रहे कार्यों की जानकारी पता चलती है।

Example: Sales Reports, Employee Surveys, Summaries, Feedback forms, Meetings, Grievances, and Disputes

Downward communication

Downward business communication में उच्च स्तर के कार्यकारी से जानकारी निचे स्तर के कर्मचारियों को दी जाती है।

Example : Job instructions, Procedures and practices, Performance feedback, Strategies, etc

Lateral communication

Lateral business communication में एकसमान पद या एक स्तर के कर्मचारी या कार्यकारी एकदूसरे से जानकारी साझा करते हैं।

Example: team communication via email, brainstorming, etc

External communication

External communication में संवाद कंपनी और **ग्राहक**, निवेशक, सरकार और जनता के साथ होती है। जितनी जादा internal communication मजबूत होती है उतना ही external communication को मजबूत बनाने में सहायक होती है। बाहरी संचार से कंपनी के सार्वजनिक व्यक्तित्व और प्रतिष्ठा पर सकारात्मक प्रभाव पड़ता है। External communication से ग्राहकों का कंपनी के प्रति भरोसा बढ़ जाता है। और ग्राहकों से संबंध बनाने में और उसे बनाए रखने में आसानी होती है। इससे निवेशकों को कंपनी के बारे में जानने में और उसे अच्छे से समझने में आसानी होती है।

Example: Invoices, Annual reports, Newsletters, Magazines, Promotion and marketing, training and support.

What is 'Bank reconciliation'

Bank Reconciliation Statement Definition

A bank reconciliation statement could be defined as the summary of the banking and business accounts that reconciles a company's bank account with its financial record. The statement contains a record of all the deposits, withdrawals and other financial activities with a bank over a certain period of time. It is a useful tool to control fraudulent activities.

Preparing a bank reconciliation statement

To complete a bank reconciliation statement, the accountant needs the following data

- Current and previous month's bank statement
- The closing balance of the bank account
- Any outstanding payments or withdrawals (cheques that haven't been processed yet)
- Any fees charged by the bank on the account
- Interest earned on the bank balance

Steps to Prepare a bank reconciliation statement

- Compare the financial record on the company book to the bank statement.
- For any errors (unaccounted for deposits and represented withdrawals) changes are made to the corresponding bank statements
- Make necessary changes in the log book and bank statements for fees, charges deducted and interest credited.
- The final step is to compare the two records - the company's own financial statement and the account statement. If they are the same, your bank reconciliation is done. If not repeat the process.

Benefits of a Bank Reconciliation Statement

- A bank reconciliation statement ensures that all payments made by the company are processed and all deposits are correctly made on time.
- Bank reconciliation statements are great for detecting frauds in financial transactions of large companies (which are difficult to keep track of, otherwise).
- Bank reconciliation statements also help to analyze errors that can affect the financial transactions of a company or business.
- Such statements help to assess the financial health of a company and take adequate financial decisions for the betterment of business.

Bank Reconciliation Statement
as on ...

Particulars		Plus(₹)	Minus(₹)
Dr. Balance (Favourable Balance) as per Cash Book		XXXX	
Add:	1. Cheque issued or drawn but not yet presented for payment	XXX	
	2. Interest allowed by the bank not recorded in Cash Book	XXX	
	3. Amount directly deposited by the customers in our Bank Account	XXX	
	4. Interest and Dividends collected by bank on investments	XXX	
	5. Cheque paid into bank but omitted to be entered in the Cash Book	XXX	
	6. Any wrong credit given by the bank in the Pass Book	XXX	
Less:	1. Cheque paid into the bank for collection but not yet credited by the bank		XXX
	2. Cheque paid into the bank for collection but dishonored by the bank		XXX
	3. Direct payment made by the bank according to prior instructions		XXX
	4. Bank Charges and commission charged by the bank		XXX
	5. Cheque issued but omitted to be recorded in the Cash Book		XXX
	6. Any wrong debit given by the bank in the Pass Book		XXX
		XXXX	XXXX
Cr. Balance (Favourable Balance) as per Pass Book			XXX
		XXXX	XXXX

Illustration 1 From the following particulars of Mr. Vinod, prepare bank reconciliation statement as on March 31, 2014.

1. Bank balance as per cash book Rs. 50,000.
2. Cheques issued but not presented for payment Rs. 6,000.
3. The bank had directly collected dividend of Rs. 8,000 and credited to bank account but was not entered in the cash book.
4. Bank charges of Rs. 400 were not entered in the cash book.
5. A cheque for Rs. 6,000 was deposited but not collected by the bank.

Solution Bank Reconciliation Statement of Mr. Vinod as on March 31, 2014

Particulars	+ Rs.	-Rs.
1. Balance as per cash book	50,000	
2. Cheques issued but not presented for payment	6,000	
3. Dividends collected by the bank	8,000	
4. Cheque deposited but not credited by the bank		6,000
5. Bank charges debited by the bank		400
6. Balance as per passbook.		57,600
	64,000	64,000

Illustration 2 From the following particulars of Anil & Co. prepare a bank reconciliation statement as on August 31, 2014.

1. Balance as per the cash book Rs. 54,000.
2. Rs. 100 bank incidental charges debited to Anil & Co. account, which is not recorded in cash book.
3. Cheques for Rs. 5,400 is deposited in the bank but not yet collected by the bank.
4. A cheque for Rs. 20,000 is issued by Anil & Co. not presented for payment.

Solution Bank Reconciliation Statement of Anil & Co. as on August 31, 2014

Particulars	(+)Amount	(-) Amount
1. Balance as per cash book	54,000	
2. Cheques issued but not presented for payment	20,000	
3. Cheques deposited but not credited by the bank -		5,400
4. Bank incidental charges debited by the bank -		100
5. Balance as per passbook -		68,500
	74,000	74,000

बैंक समाधान विवरण का अर्थ व परिभाषा क्या है | Definition of Bank Reconciliation Statement

व्यापारी द्वारा प्रतिदिन होने वाले बैंक संबंधित व्यवहारों को **रोकड़ बही** के बैंक कालम में लिखा जाता है। और बैंक भी प्रतिदिन होने वाले व्यवहारों को व्यापारी की पासबुक में लिखती है। जिससे व्यापारी की रोकड़ बही और बैंक पासबुक का Balance आसानी से मिल जाता है। परन्तु कभी - 2 किसी कारण से व्यापारी की रोकड़ बही और बैंक पासबुक का बैलेंस नहीं मिल पाता है। जिसका कारण यह है कि किसी तिथि को व्यापारी द्वारा कुछ Entry's को रोकड़ बही में तो लिख लिया है। परन्तु बैंक द्वारा PassBook में नहीं लिखा जाता है।

इसके विपरित कुछ Entry's ऐसी होती है। जिसे रोकड़ बही में नहीं लिखा जाता है। परन्तु बैंक द्वारा PassBook में लिखा गया है। अतः इन दोनों बहियों के शेषों में अंतर के कारणों को ज्ञात करने के लिए व्यापारी द्वारा एक विवरण पत्र तैयार किया जाता है। जिसे बैंक समाधान विवरण (Bank Reconciliation Statement) कहते हैं।

बैंक समाधान विवरण के लाभ,

1. बैंक खर्च की जानकारी :-

बैंक समाधान विवरण बनाने से व्यापारी को बैंक द्वारा लगाए जाने वाले अतिरिक्त व्यय की जानकारी आसानी से प्राप्त हो जाती है।

2. ब्याज की जानकारी प्राप्त होना। :-

इस विवरण के बनाने से व्यापारी को बैंक द्वारा दिये जाने वाले बैंक ब्याज की जानकारी आसानी से प्राप्त हो जाती है।

3. विलंब चेक की जानकारी प्राप्त होना। :-

Bank Reconciliation Statement बनाने से बैंक में लगने वाले विलंब (Delay) Cheque की जानकारी आसानी से प्राप्त हो जाती है।

4. वास्तविक Bank Balance की जानकारी :-

इस विवरण के बनाने से व्यापारी को Bank के वास्तविक बैंक शेष की जानकारी प्राप्त हो जाती है। जिससे व्यापारी को अग्रिम चेक देने में सुविधा होती है।

5. अंकेशन हेतु उपयोगी। :-

ज़्यादातर व्यवसाय में बैंक समाधान विवरण अंतिम खाते तैयार करते समय बनाया जाता है। ताकि वर्ष के अंत में व्यापारी की रोकड़ बही और बैंक का बैलेन्स ठीक ठाक मिल जाए। तथा इस विवरण का उपयोग Audit करते समय भी किया जाता है। जिससे CA को आसानी से पता चल जाता है। की रोकड़ बही और बैंकपास में अंतर किस कारण आ रहा है।

6. Cash Book में लेखा करने का आधार। :-

बैंक पासबुक के आधार पर ही व्यापारी रोकड़ बही (Cash Book) के बैंक स्तम्भ में छूट जाने वाली प्रविष्टि को लिख लेता है। जिससे रोकड़ बही का शेष, बैंक शेष से मिल जाता है।

7. भुगतान और संग्रहीत चेक की जानकारी। :-

इस विवरण के आधार पर व्यापारी को भुगतान किए जाने वाले चेक तथा खाते में जमा होने वाले चेक की जानकारी आसानी से प्राप्त हो जाती है।

Bank Reconciliation करना क्यों जरूरी होता है।

किसी भी Business में Accounting करते समय Bank Reconciliation करना एक अनिवार्य Process होता है। क्योंकि जब भी हम कोई Bank Transactions करते हैं। या किसी पार्टी को Cheque द्वारा भुगतान करते हैं। तो हम अपनी मैनुअल Bank PassBook में तो Account Debit कर देते हैं। परन्तु वह Cheque Bank में किसी अन्य तारीख को जमा होता है। जिसके कारण व्यापारी की Bank पासबुक

और Bank Statement मे अन्तर आता है। और इसी अन्तर के मिलान करने के लिए Business मे Bank Reconciliation करना जरूरी होता है।

Tally में Bank Reconciliation Statement क्या है।

दोस्तों यदि आप [Accounting](#) के लिए [Tally](#) का उपयोग करते है। तो आप के लिए Bank Reconciliation Statement तैयार करना बहुत ही आसान है। बस आप को Tally के Banking Option का उपयोग करते हुए प्रत्येक Entry का Bank Reconciliation करना है। जिसके ऊपर मेने एक पूरा आर्टिकल लिखा है। जहा से आप Tally मे Bank Reconciliation Steps को आसानी से पढ़ सकते हैं। तथा चुटकियो मे Reconciliation Statement तैयार कर सकते हैं।

Bank Reconciliation Statement क्यों बनाया जाता है।

जब व्यापारी की रोकड़ बही के बैंक खाने का शेष व बैंक की पास बुक का शेष मे अन्तर ज्ञात होता है। तब व्यापारी द्वारा बैंक समाधान विवरण (Bank Reconciliation Statement) बनाया जाता है। ताकी दोनों शेषो का मिलान किया जा सके।

बैंक समाधान विवरण किसके द्वारा बनाया जाता है।

बैंक समाधान विवरण **ग्राहक या व्यापारी** द्वारा बनाया जाता है।

व्यापारी द्वारा बैंक समाधान विवरण किस आधार पर बनाया जाता है।

व्यापारी द्वारा बैंक समाधान विवरण रोकड़ बही ([Cash Book](#)) के बैंक स्तम्भ और बैंक पासबुक के आधार पर बनाया जाता है।

Basics of Banking – Meaning & Overview

Here's the meaning and a brief overview of the basics of banking.

A bank is known as a financial institution responsible for accepting deposits from the public and creates a demand deposit while simultaneously providing loans to its borrowers. Banks can perform these lending activities either directly or through [capital markets](#).

After the country got independence, the government took steps to regulate the banking and business sector in India.

For that, the government brought in a law, in which, the banking and banking business in India has been clearly defined. This law changed to an Act named the [Banking Regulation Act \(BR Act\)](#) of 1949.

Types of Banks in India

Banks in India are categorized into Central Bank, Commercial Bank, Specialized, and Cooperative Bank. We have discussed the types of banks in India and their respective meanings in the following section.

Types	Meaning
Central Bank	<p>The Reserve Bank of India (RBI) is the central bank of the country.</p> <p>It acts as the apex body for monitoring and regulating other banks and financial institutions.</p> <p>It also acts as a banker to the government.</p> <p>RBI plays a key role in laying down the statutory liquidity ratio, cash reserve ratio, reverse repo rate, and repo rate.</p>
Commercial Bank	<p>It performs the functions for the general public with respect to accepting deposits and/ or extending loans.</p> <p>Such banks use the loans as investments with the aim to earn profits. Some of the commercial banks in the country are HDFC Bank, State Bank of India, United Bank of India, etc.</p>
Specialized Bank	<p>These banks are formed with the sole purpose of catering to a particular industry or sector.</p> <p>They may focus on import and export or provide financial services to specific sectors of the country.</p> <p>The EXIM Bank is the best example of a specialized bank.</p>
Cooperative Bank	<p>These banks are established under the State Cooperative Societies Act.</p> <p>They provide easy credit to the members of the cooperative banks.</p> <p>One of the basic activities of the cooperative banks is to provide financial resources to the underprivileged population.</p> <p>New India Cooperative Bank Limited, Ahmedabad Mercantile Cooperative Bank, etc. are the examples of cooperative banks in India.</p>

Commercial Banks in India

The commercial banks in India are further classified into the following:

Types	Meaning
Public Sector Banks	<p>Commercial banks in which the government holds majority of the shares in the bank (more than 50%) are the public sector banks.</p> <p>Punjab National Bank, Canara Bank, Bank of Baroda, etc. are the examples of public sector banks in India</p>
Private Sector Banks	<p>Commercial banks in which individual shareholders possess higher equity stakes are called private sector banks.</p> <p>The functions and activities of these banks are similar to that of public sector banks.</p> <p>A few aspects like the charges imposed, and duration and description of the services of a private sector bank is different from that of public sector banks.</p> <p>Axis Bank, ICICI Bank, HDFC Bank, etc. are the most eminent private sector banks in India.</p>
Small Finance Banks	<p>These banks aim to provide financial inclusion to the underprivileged masses in the country.</p> <p>Such banks also encompass small and micro business units, various entities in the unorganized sector, marginal craftsmen, and small farmers, etc.</p> <p>Janalakshmi Small Finance Bank, Ujjivan Small Finance Bank, Equitas Small Finance Bank are some of the small finance banks in the country.</p>
<u>Regional Rural Banks</u>	<p>These banks have quite specific mandates like providing loans to small farmers and marginal workers, agricultural labourers, small entrepreneurs, craftsmen, etc.</p> <p>Such banks are set up following the recommendations of the Narasimham Committee on Rural Credit.</p> <p>Some of the Regional Rural Banks in India are Pragathi Krishna Gramin Bank, Kerala Gramin Bank, and so on.</p>

Functions of Commercial Banks

The various functions of the commercial banks include:

Accepting Deposits from their customers is one of the chief functions of the commercial banks. These deposits can be accepted from both individuals as well as business organizations. Savings deposits, time deposits, and current deposits are the ways through which funds can be deposited in the commercial banks.

Providing Loans is another activity undertaken by the commercial banks. These are the same funds that the bank received by way of deposits. Banks earn profits by using the money deposited by its customers and investing them in loans. However, extending loans may be of different kinds like cash credit, overdraft, discounting bills, advances, etc.

Fund Remittance or money transfer is also carried out by commercial banks. The funds can be transferred through various modes like NEFT, draft pay orders, IMPS, RTGS, etc. as per the specified commissions.

Cheque Issuance is done by the commercial banks in order to help its customers withdraw funds. Using a cheque, customers can withdraw the money for their own use or for the payee. A cheque can be either bearer or crossed. While a bearer cheque can be encashed over-the-counter, a crossed cheque can be deposited in the payee's account only.

General Utilities are also provided by the commercial banks. These include traveller cheques issuance, facility for credit and debit card, locker facility for safe custody, etc.

Services as an Agent include collection of cheques, insurance premium payment, drafts and bills, trustee or executor or customers' estate, and so on.

E-Banking

Electronic banking, digital banking, or e-banking involves the use of electronic medium to enable customers to access their bank accounts and funds. The main advantage of e-banking is that it does not require the customers to visit the bank often for a transaction.

With easy availability of the internet, it has become very quick and convenient for the customers to avail [digital banking](#) services. E-banking is becoming the most popular choice for both bankers and customers due to the hassle-free access.

Forms of E-Banking

Different forms of e-banking or internet banking are as follows:

Type	Meaning
Internet Banking	<ul style="list-style-type: none"> ○ It facilitates both financial and non-financial transactions over the internet. ○ Customers can undertake myriad transactions like remitting funds, paying utility bills, checking balance, etc.
ATM	<ul style="list-style-type: none"> ○ Automated Teller Machine is a computer-based electronic machine that enables customers to withdraw funds, deposit funds, and change PIN (Personal Identification Numbers).

	<ul style="list-style-type: none"> ○ With the advent of ATMs, customers need not visit the branch for such banking activities.
Mobile Banking	<ul style="list-style-type: none"> ○ It facilitates the customers to use the banking services through the bank's app on their smartphones. ○ It is similar to internet banking. ○ The bank's app can be downloaded in Android or iOS format and can be used to avail myriad banking services.
Debit Card	<ul style="list-style-type: none"> ○ A debit card allows the customers to withdraw funds directly from their bank account for multiple reasons. ○ The transaction amount is directly deducted from the customers' bank account. ○ Debit cards can be used for paying at Point of Sale (PoS) outlets, shopping online, and withdrawing funds from ATMs.

Bank Accounts & their Features

When it comes to the basics of banking, it is very important to learn about the different types of bank accounts and their features. As such, the various types of bank accounts are:

Types	Features
Savings Account	<ul style="list-style-type: none"> ○ They are meant for future savings. ○ The main aim of savings accounts is to encourage the habit of savings among the general public. ○ There is no restriction on the number and amount of deposits that can be made in a savings bank account. ○ The credit amount outstanding in this account can earn interest as per the current terms and conditions of the bank.
Current Account	<ul style="list-style-type: none"> ○ These accounts are active accounts opened by businessmen, corporate bodies, traders, etc. ○ Current accounts can be operated periodically due to many receipts and payments of money in connection with the business. ○ There are no restrictions on the number of deposits and withdrawals.
Fixed/ Term Deposits	<ul style="list-style-type: none"> ○ It encapsulates both deposits for a fixed period and deposits subject to withdrawal notice. ○ Fixed deposits are term deposits remunerable after a predetermined period decided at the time of deposit. ○ Call deposits can be considered as demand or term liabilities subject to terms of repayments and notice of withdrawal agreed at the time of accepting such deposits. ○ They are not transferable.

Recurring Deposit Account	<ul style="list-style-type: none"> ○ Customers remit a particular amount on monthly instalments for a period ranging from 6 months to 120 months in a standard pattern. ○ The entire sum along with the interest is payable after the payment of the last instalment. ○ Recurring deposit accounts are very useful to the middle class and low-income people. ○ The time period of deposit ranges from 6 months to 10 years. ○ Minimum amount to be deposited in the RD account is INR 500 per month and thereafter in multiples of INR 100.
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Other Services Provided by the Banks

Apart from the above, some other services provided by both private as well as public sector banks in India are:

Locker Facility

- It is an add-on that the commercial banks provide to their customers for safe keeping of their jewellery, shares, debentures, and other valuable items.
- It minimizes the risk of valuables being stolen due to theft at homes or elsewhere.

Mutual Funds

- It is an investment process comprising a pool of money collected from different investors for investing in securities such as money market instruments, bonds, stocks, and other assets.

Bancassurance

- **Bancassurance** is an agreement between a bank and an insurance company allowing the insurance company to promote and/ or sell its products to the bank's customers.
- Such a partnership workaround is profitable for both the bank as well as the insurance company.

Internet Banking

- It enables the customers of a bank or any other financial institution to perform a variety of financial operations (transactions) from the bank's website or app.

Debit & Credit Cards

- A bank issues its customers a debit card or an ATM card. However, customers who wish to opt for credit cards can apply for the same at their respective bank.

- A debit card is a plastic payment card that can replace hard cash money while making purchases. It is like a credit card, but the money in the debit card is withdrawn directly from the customer's bank account when performing a transaction.
- A credit card is a plastic card that allows the customer to use funds against a line of credit, also known as the card's credit limit.

Cheques & Demand Draft (DD)

- Cheques are a paper document that commands a bank to pay a specific amount of money from a person's account to the person whose name is mentioned on the cheque.
- A demand draft is a negotiable document, just like the bill of exchange.
- A demand draft is issued by a bank to a client (drawer) asking another bank (drawee) or one of its own branches to pay a certain amount to the specified party (payee)

What is an Audit?

Audit: In simple words audit is the systematic and documented process to derive the audit records. And compare it with the audit criteria. It examines a firm's financial records and accounts, as a result they are correct. Audit helps in running a [firm](#) smoothly.

There are many different types of audit, but mainly it is divided in three parts: Internal audit, external audit and IRS tax audit.

- **Internal audit:** As the name suggests, it takes place within a firm to measure its challenges and achievements. A firm allows internal auditing to verify that its processes are correct and effective. Internal audits help in correcting a firm's production step. It is also called a First-party audit, because a firm's employed auditors conduct this audit. They conduct audit without having an interest in any auditing area. Internal audits keep updated the investors about a firm's financial condition.
- **External audit:** Investors and shareholders are interested in External audits. Usually they conduct external audit to ensure a firm's financial records are correct. It is often called a second-party audit, because an independent party audits a firm. External audits are conducted on behalf of a project contract. External audit is more effective and it can influence a contract.
- **IRS tax audit:** Internal revenue service (IRS), tax audit takes place to ensure a firm's reported account record is correct. IRS also ensures a firm's account record does not violate the laws of income tax. It checks errors in a firm's filed tax returns.

After having a good vision on audit, we will know all the concepts of auditing. Auditing can be defined as the process of verifying a firm's financial and account statement. A firm should conduct auditing regularly to check its profitability. Investors and shareholders depend too much on auditing, before making their final decision. Sometimes auditing is conducted on a certain production step to check its credibility.

Processes of Auditing

- **Planning:** This phase includes planning and preparation for auditing. Firm management conducts a formal meeting to decide the criteria and objectives of auditing. They decide to sort out all the ways, which can influence auditing. They always want the result to be clean.
- **Implementation:** 'Fieldwork', that is another name for this phase of auditing. In this phase, Auditors collect data and information of a firm. It also consists of steps like: meeting with the firm management, understanding a firm's accounting system and ensuring it is correct. The auditor keeps communicating with his team members and the firm's management team. They do so much hard work to make the audit results better.
- **Result:** Audit report is called the result of auditing. It should contain all the financial records and accountant statements fair and correct. It should also contain firm's challenges and issues. The management team go through the issues.
- **Closure:** When all the planned audit examinations are conducted, it is said to be a complete audit. Later it comes to the closure phase. It contains subsequent steps like: taking the right decision to settle the firm's issues and challenges.

Advantages of auditing

- **Guarantees to the investors:** One of the major benefits of auditing is, it ensures the investors and shareholders. Auditing ensures them that a firm's financial record is fair and accurate. Auditing satisfies the investors about production efficiency. It also satisfies them showing profitability of a firm.
- **Catch mistakes and frauds:** Auditing can catch a simple mistake, and an intentional fraud also. Auditing never guarantees to detect every hidden fraud inside a firm. But it helps in reducing the amount of mistakes and frauds. It discovers the mistakes and wrong decisions on time. So that, the management team can take appropriate action quickly.
- **Gives second viewpoint:** During external audit, firms get a second opinion about their financial condition. External auditors audit a firm without having any agenda or specific interests. They examine the account records honestly. They derive unbiased results of a firm's financial report. This is why these results are effective and influenceable.
- **Boost morality:** Auditing is good at finding mistakes and frauds. It boosts the morality of employees not to defraud the firm. Auditors examine the accounts very closely, so the employees remain under constant pressure to be honest and responsible.
- **High credibility:** If the financial report remains fair after auditing, it increases the credibility of a firm. After a clean auditing, Investors and shareholders can trust on the accounts. Banks sanction loans more easily to highly credible firms.
- **Helps in staying organised:** A firm remains in a organised way after proper auditing. It helps the management team in making better future decisions for the

firm. It tries to eliminate all the mistakes. Hence, it helps in boosting a firm's performance.

Disadvantages of auditing

- **Extra costing:** A firm has to spend some extra cost for auditing, as it is a deep and detailed process. Sometimes auditors limit the audit processes to reduce its cost, but its result is not so effective.
- **Time limitation:** Auditors audit a firm's whole year account statement within a few weeks. Time limitation is a major barrier for auditing. Auditing contains different rules and regulations. It is conducted on a very specific timeline.
- **Credential report:** Auditing results are very credential. So, the chances get higher for a firm to do frauds. The report influences a firm to make major changes in its accounting system. Auditing does not consider a firm's Smaller issues. This is also a limitation of auditing.
- **Also, Read**
 - [Best Ca Coaching In Delhi](#)
 - [What Is Chartered Accountant In India](#)

Besides all of these disadvantages, auditing has some limitations also:

- auditing does not guarantee to detect every frauds happening inside a firm.
- auditor can not value and estimate a firm's assets and liabilities, lawyers do this estimation.
- due to time limitation, auditor can not check all the transactions of a bigger firm. He has to depend on sample works.
- because of auditing, firms face extra cost and time during auditing.

Conclusions:

Examining a firm's set of transactions and obtaining its result, is the most basic concepts of auditing. Auditors obtain fairness and accuracy of a firm's account from the audit result. Auditors also keep in mind that the audit result should not mislead the investors. Auditing must show the real face of a firm's account and its financial conditions. Above mentioned in this article gives a good idea about all the basic concepts of auditing.

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- **Internal audit:** As the name suggests, it takes place within a firm to measure its challenges and achievements. A firm allows internal auditing to verify that its

processes are correct and effective. Internal audits help in correcting a firm's production step. It is also called a First-party audit, because a firm's employed auditors conduct this audit. They conduct audit without having an interest in any auditing area. Internal audits keep updated the investors about a firm's financial condition.

- **External audit:** Investors and shareholders are interested in External audits. Usually they conduct external audit to ensure a firm's financial records are correct. It is often called a second-party audit, because an independent party audits a firm. External audits are conducted on behalf of a project contract. External audit is more effective and it can influence a contract.
- **IRS tax audit:** Internal revenue service (IRS), tax audit takes place to ensure a firm's reported account record is correct. IRS also ensures a firm's account record does not violate the laws of income tax. It checks errors in a firm's filed tax returns.

After having a good vision on audit, we will know all the concepts of auditing. Auditing can be defined as the process of verifying a firm's financial and account statement. A firm should conduct auditing regularly to check its profitability. Investors and shareholders depend too much on auditing, before making their final decision. Sometimes auditing is conducted on a certain production step to check it's credibility.

Processes of Auditing

- **Planning:** This phase includes planning and preparation for auditing. Firm management conducts a formal meeting to decide the criteria and objectives of auditing. They decide to sort out all the ways, which can influence auditing. They always want the result to be clean.
- **Implementation:** 'Fieldwork', that is another name for this phase of auditing . In this phase, Auditors collect data and information of a firm. It also consists of steps like: meeting with the firm management, understanding a firm's accounting system and ensuring it is correct. The auditor keeps communicating with his team members and the firm's management team. They do so much hard work to make the audit results better.
- **Result:** Audit report is called the result of auditing. It should contain all the financial records and accountant statements fair and correct. It should also contain firm's challenges and issues. The management team go through the issues.
- **Closure:** When all the planned audit examinations are conducted, it is said to be a complete audit. Later it comes to the closure phase. It contains subsequent steps like: taking the right decision to settle the firm's issues and challenges.

Advantages of auditing

- **Guarantees to the investors:** One of the major benefits of auditing is, it ensures the investors and shareholders. Auditing ensures them that a firm's financial

record is fair and accurate. Auditing satisfies the investors about production efficiency. It also satisfies them showing profitability of a firm.

- **Catch mistakes and frauds:** Auditing can catch a simple mistake, and an intentional fraud also. Auditing never guarantees to detect every hidden fraud inside a firm. But it helps in reducing the amount of mistakes and frauds. It discovers the mistakes and wrong decisions on time. So that, the management team can take appropriate action quickly.
- **Gives second viewpoint:** During external audit, firms get a second opinion about their financial condition. External auditors audit a firm without having any agenda or specific interests. They examine the account records honestly. They derive unbiased results of a firm's financial report. This is why these results are effective and influenceable.
- **Boost morality:** Auditing is good at finding mistakes and frauds. It boosts the morality of employees not to defraud the firm. Auditors examine the accounts very closely, so the employees remain under constant pressure to be honest and responsible.
- **High credibility:** If the financial report remains fair after auditing, it increases the credibility of a firm. After a clean auditing, Investors and shareholders can trust on the accounts. Banks sanction loans more easily to highly credible firms.
- **Helps in staying organised:** A firm remains in a organised way after proper auditing. It helps the management team in making better future decisions for the firm. It tries to eliminate all the mistakes. Hence, it helps in boosting a firm's performance.

Disadvantages of auditing

- **Extra costing:** A firm has to spend some extra cost for auditing, as it is a deep and detailed process. Sometimes auditors limit the audit processes to reduce its cost, but its result is not so effective.
- **Time limitation:** Auditors audit a firm's whole year account statement within a few weeks. Time limitation is a major barrier for auditing. Auditing contains different rules and regulations. It is conducted on a very specific timeline.
- **Credential report:** Auditing results are very credential. So, the chances get higher for a firm to do frauds. The report influences a firm to make major changes in its accounting system. Auditing does not consider a firm's Smaller issues. This is also a limitation of auditing.

Besides all of these disadvantages, auditing has some limitations also:

- auditing does not guarantee to detect every frauds happening inside a firm.
- auditor can not value and estimate a firm's assets and liabilities, lawyers do this estimation.
- due to time limitation, auditor can not check all the transactions of a bigger firm. He has to depend on sample works.
- because of auditing, firms face extra cost and time during auditing.

Conclusions:

Examining a firm's set of transactions and obtaining its result, is the most basic concepts of auditing. Auditors obtain fairness and accuracy of a firm's account from the audit result. Auditors also keep in mind that the audit result should not mislead the investors. Auditing must show the real face of a firm's account and its financial conditions. Above mentioned in this article gives a good idea about all the basic concepts of auditing.

ऑडिट का अर्थ

ऑडिट या अंकेक्षण का अर्थ है किसी कंपनी को वर्ष के अंत में लाभ या मुनाफा हुआ तथा हानि हुई। इसका आकलन करने की प्रक्रिया को ऑडिटिंग या अंकेक्षण कहा जाता है कंपनी के व्यय तथा आय का निरीक्षण करके ऑडिट तैयार किया जाता है किसी कंपनी में ऑडिटिंग अर्थात् अंकेक्षण का कार्य चार्टर्ड अकाउंटेंट के द्वारा किया जाता है, वह अंकेक्षण के द्वारा यह ज्ञात करता है कि कंपनी लाभ में है या फिर हानि में

अंकेक्षण के प्रकार (Types of Audit)

- आंतरिक ऑडिट (Internal Audit)
- बाह्य ऑडिट (External Audit)

• आंतरिक ऑडिट क्या है (What is Internal Audit)

- अंकेक्षण या ऑडिट का एक ऐसा प्रकार जिसमें पानी की अकाउंट बुक्स की जांच कंपनी के ही एक अनुभवी तथा ईमानदार सीनियर अकाउंटेंट या स्टाफ से कराई जाती है तो इसे आंतरिक अंकेक्षण या इंटरनल ऑडिट कहा जाता है

आंतरिक ऑडिट के लाभ (Benefits of Internal Audit)

- संगठन की दक्षता की जांच की जा सकती है
- कर्मचारियों द्वारा किसी भी धोखाधड़ी की पहचान कराने में सहायक
- अंकेक्षण की सहायता से वित्तीय प्रदर्शन में सुधार किया जा सकता है

बाह्य ऑडिट क्या है (What is External Audit)

अंकेक्षण या ऑडिट का एक ऐसा प्रकार जिसमें किसी कंपनी के वित्तीय विवरण की जांच स्वतंत्र रूप से एक बाहरी ऑडिटर के द्वारा की जाती है, इसके माध्यम से उनकी सटीकता का पता लगाया जा सकता है उसे बाह्य ऑडिट कहते हैं

बाह्य ऑडिट के लाभ (Benefits of External Audit)

- इससे स्वतंत्र रूप से [वित्तीय विवरण](#) की जांच की जा सकती है
- कंपनी के वित्तीय वितरणों की गुणवत्ता की जांच करके उनकी विश्वसनीयता का पता लगाया जा सकता है

• ऑडिटर क्या होता है (What is Auditor)

- ऑडिटर या अंकेक्षक वह व्यक्ति होता है जो अंकेक्षण का कार्य करता है वित्तीय विवरण की सटीकता तथा उनकी गुणवत्ता की जांच करता है तथा यह सुनिश्चित करता है कि कंपनी के द्वारा टैक्स से संबंधित कानूनों का पालन किया जा रहा है उसे ऑडिटर या अंकेक्षक कहते हैं

Form of Audit Report

