

FlexiPrep: Downloaded from flexiprep.com [https://www.flexiprep.com/]

For solved question bank visit [doorsteptutor.com \[https://www.doorsteptutor.com\]](https://www.doorsteptutor.com) and for free video lectures visit [Examrace YouTube Channel \[https://youtube.com/c/Examrace/\]](https://youtube.com/c/Examrace/)

Accounting: Basic Accounting: Branches and Objectives of Accounting

Get unlimited access to the best preparation resource for competitive exams : [get questions, notes, tests, video lectures and more \[https://www.doorsteptutor.com/\]](https://www.doorsteptutor.com/) - for all subjects of your exam.

Branches of Accounting

Changing in business requires over the centuries and has given rise to specialized branches of accounting. Different Branches are as shown below.

Fig. 1.2 Branches of Accounting



Financial Accounting

It concerns with recording financial transactions. Summarizing and interpreting them for user requirements. It can provide financial position as on the date when the accounting period ends. It shows profit earned or loss incurred during a period.

Cost Accounting

It analyses expenditure. Cost of various products manufactured by firm and fix prices. It helps controlling costs. It provides necessary costing information to higher level management.

Management Accounting

It concerns with generating information relating to funds, cost, profits etc. It helps management in decision making. It assists management in taking policy decisions and to evaluate the impact of its decisions, shows performance of various departments.

Tax Accounting

An account is requiring to be fully aware of various tax legislations. This branch of accounting relates to income tax, sales tax, etc.

Social Accounting

This branch is known as social responsibility accounting. Transactions for social benefits incurred by firm recorded in this branch. Social benefits include facilities like medical, housing, education, provident fund etc. it also includes matters like exploitation of employees, environment pollution, unreasonable terminations etc.

Human Resource Accounting

It concerns with human resource of an enterprise. It is an accounting for the people of organisation because; it applies accounting methods to evaluate human resources in money terms.

National Resource Accounting

It contains accounting transactions related the resources of nation as a whole as water resources, mining, forests etc. it is generally not concerned with accounting for individual business. It is developed by economists.