

LESSON 11: Accountancy

Accountancy is the process of communicating financial information about a business entity to users such as shareholders and managers. The communication is generally in the form of financial statements that show in many terms the economic resources under the control of management; the art lies in selecting the information that is relevant to the user and is reliable.

The principles of accountancy are applied to business entities in three divisions of practical art, named **accounting**, **bookkeeping**, and **auditing**.

Accounting is an information science used to collect, to classify, and to manipulate financial data for organizations and indivi. Accounting allows a company to analyze the financial performance of the business, and look at statistics such as net profit.

Book keeping in the context of business is simply the recording of financial transactions. Transactions include purchases, sales, receipts and payments by an individual or organization.

Auditing is the process of reviewing and investigating any aspect of a business, whether financial or nonfinancial.

Accountancy is very important to business because it is the base that offers great support to management for planning, controlling as well as decision making process. It is with the aid of accounting information that the performance of a unit can be evaluated, at the same time as, its logical records make possible to get rid of the frauds and the thefts.

Exercise one: match the job with its definition.

Bookkeepers	administrative staff responsible for processing the records of a business financial activities.
Auditors	a person whose job is to check financial accounts
Accountants	a person who examines the business and the records of a company.

Exercise two: find in the text words that mean:

1. A voluntary association formed and organized to carry on a business:
2. The practice of collecting and analyzing numerical data:
3. A thing constituting a piece of evidence about the past, especially an account kept in writing or some other permanent form:
4. The owner of shares in a company
5. An adjective that means the management of large amounts of money, especially by governments or large companies:
6. the process of dealing with or controlling things or people.
7. handle or control (a tool, mechanism. information, etc.) in a skilful manner: