



Accounting process and financial statement to business

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DESCRIPTION

It is a process that deals with the dimension of economic activities affecting inflow and outflow of economic resources to develop useful gathered facts for decision making. At domestic enterprise level, gathered facts about inflow and outflow of cash resources help to access liquidity position and plan domestic enterprise activities. At government level, gathered facts about inflow from direct taxes, indirect taxes and duties and outflow in way of expenditure on various activities are needed for planning and budgeting. Although accounting can be thought of as a discipline having worldwide applicability, yet its expansion is closely associated with developments in the business world. Thus to understand accounting as a field of study for worldwide application, it is best identified with recording of business transactions and communication of financial information about business enterprise to make decision making possible. Decision making is currently having a big impact a world of fierce competition between Japan and China. To survive and grow in a highly competitive business the environment requires perfect decisions. Those decisions May refer to corporate formation, expansion, diversification, and corporate financing Employment and closure of the company by raising funds in the capital markets Commercial transactions, investment in securities, formulation of financial and fiscal policies, etc. so good decision making requires financial information about the company.

The accounting goal is to meet the needs of rational and financial information it is called the language of business because it is the perfect decision maker. Accounting purpose and scope let's take a look at the main goals of Accounting

- To keep systematic records accounting is performed to keep systematic records of financial transactions. The main goal of accounting is to help us Collect and systematically record financial data to derive financial data correctly useful results of financial statements.

- With the help of accounting to judge profitability, we can evaluate Profit and loss incurred during a particular accounting period. With help Trade and P & L accounts, we can easily determine profits or Company loss.

- Balance sheet or to determine the financial position of the company the financial report shows the financial condition of the company as shown in a specific date.

A well-prepared balance sheet provides us with information Asset type and value, liability and capital nature and value Company location. With their help we can easily judge Robustness of each business unit. One of the main accounting goals is make the right decisions at the right time. Accounting provides you with a platform to do this Use past records to plan for the future. Corporation, trust, Society operates and is governed by various laws Action. Similarly, different tax laws (direct tax, indirect tax) apply to each business establishment.

Collecting and analyzing Accounting Documents It is a very important step in which you examine the source documents and analyze them cash, bank, sales, and purchase related documents.

Financial Statements are the set of statements like Income and Expenditure Account or Trading and Profit and Loss Account, Cash Flow Statement, Fund Flow Statement, Balance Sheet or Statement of Affairs Account. Clearly show the financial health of a firm by depicting its profits or losses.

Development of Accounting is the system of recording, classifying and summarizing financial information in such a way that users of the information can make economic decisions based upon it. Accounting began as a simple system of clay tokens to keep track of goods and animals, but has developed throughout history into a way of keeping track of complex transactions and other financial information.