

Lecture - 2

Basic Terminologies - Part 1

Transaction: Those events which are in monetary terms and which affects financial position of the organization.

For Ex. – 1. Mr. Ram purchased goods costing Rs.5000
2. Mr. Ram hired two employees Hari and kishan, both are very honest.

In example 1st event has money value so it is consider as transaction. But in example 2nd event has only qualitative aspect which cannot convert in money value. So 2nd example is not a transaction.

Monetary term means monetary value in the form of currency. Like INR, USD etc.

Financial position means which shows assets and liabilities of the organization.

Organization includes both profit seeking and non-profit seeking. Profit seeking organization includes those whose main motive is profit maximization.

Non for profit seeking organization includes those whose main motive is social welfare.

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