



# General Accounting

Ankara University  
Faculty of Pharmacy



# Definition of Accounting

Businesses are defined as economic and technical units involved in the production of goods and services to meet human needs.

The continuity of the activities of the companies that have the aim of making optimum profit, in other words, their survival depends on two factors:

- 1-To make continuous and satisfactory profits,
- 2-Fulfilling financial obligations on time or paying their debts on time.



# Definition of Accounting

With the help of data provided by accounting, businesses prepare plans that will ensure the realization of these two elements, take decisions and measures on time and implement them.

Accounting is the communication tool between all units of the business world.



# Definition of Accounting

Accounting, which monitors the monetary works of the businesses, reveals the numerical information that determines the financial status of the enterprises at a certain date and the results of the activities for a certain period of activity with the records it holds and the reports it issued.

All of the techniques that monitor, detect and interpret the monetary value movements of businesses form the subject of “accounting”, a branch of the business economy.



# Definition of Accounting

Collecting data from related sources, determining their accuracy, recording, classification, presenting them in the form of reports, analysis and interpretation are called “accounting” to provide meaningful and reliable information regarding transactions that can be expressed in money or in full or in part.

Accounting is the language of the business.



# Functions of Accounting

## Functions of accounting:

- 1- Setting up the registration system,
- 2- Classifying the data,
- 3- Reporting the data,
- 4- Analyzing and interpretation of the data.



# Functions of Accounting

## Setting Up the Registration System

To check the correctness of the related documents and to record the commercial transactions of the enterprises at the time of establishment and during their lifetimes in order and systematically.

Typical examples of business transactions:

Adding capital to the business, buying buildings, buying or selling goods and services, borrowing or lending, and making various expenses.



# Functions of Accounting

## Classifying Data

In order to determine how much money, goods, receivables, debt, income and expense are at a certain moment by using a large number of data obtained with the first function; To classify the data revealed by the registration system under meaningful groups according to their qualifications.



# Functions of Accounting

## Reporting Data

To organize the first and second functions and the data that are formed or presented in the form of reports and to present them to the concerned.



# Functions of Accounting

## **Analysis and Interpretation**

To analyze and interpret the meaning of the accounting data produced and the relationships they show.

This function develops data and reports that form the basis of management plans and decisions. These data reveal the real importance of accounting.

Therefore, accounting is called an effective management tool.



# Nature of Accounting

Record keeping means that the accuracy of commercial transactions are recorded and recorded.

The record keeping system is the first and simplest function of accounting.



# Accounting and Management

An effective management performs this function based on accurate, meaningful and timely information and data about business activities.

Accounting should be able to generate data and information according to the demands of the management.



# Scope of Accounting

Accounting discipline can be classified as follows in terms of scope:

- General (financial) accounting
- Specialist accounting



# Scope of Accounting

General Accounting: Basic concepts and principles related to accounting as well as issues related to commercial enterprises

Specialist Accounting: Accounting branches such as company accounting, cost accounting, bank accounting, insurance accounting according to business types



# A Short History of Accounting

Even though accounting is very simple, it is estimated that it emerged and developed with the concept of “exchange”.

Four thousand years ago, records of work life in Babylon were kept on plates made of clay with cuneiform script. These are the first documents related to commercial life.



# A Short History of Accounting

The double-entry recording system, which is the basis of today's recording system, has developed gradually as a result of application, it is not based on a predetermined theory.

Italian traders based their transactions on a bilateral accounting system between 1250 and 1400.



# A Short History of Accounting

Luca Paciolo, an Italian mathematician and priest, stated the principles of the bilateral recording method in his work titled “Summa de Arithmetica, Geometrie, Proportioni et Proportionalite” (Summary about Arithmetic, Geometry, Ratio and Proportion), published in Venice in 1494.



# A Short History of Accounting

In the period from the publication of Paciolo's work to the first half of the 19th century, no new developments in accounting theory have been observed.

During this period, a better understanding and implementation of the bilateral registration system was provided in Italy and other countries.



# A Short History of Accounting

Before the Turkish Republic:

Accounting Practice = State Accounting

With the “Account Instruction dated 1340 (1924)”, double-entry registration system is envisaged in the state accounting. Due to the lack of accountants to apply, the double-entry registration system in state accounting was abandoned in 1928.



# A Short History of Accounting

There were no major developments in accounting practice between 1923 and 1940.

The Income Tax Law, which was enacted after 1940, and the Income Tax Law, enacted in 1950, increased the importance of accounting.

It is observed that accounting systems in Europe, especially German systems, were influential and led to developments in accounting practices until 1960.



# A Short History of Accounting

January 1, 1972: KIT Uniform Accounting System

January 29, 1989: Capital Markets Board Accounting System

December 26, 1992: Uniform Accounting System (TAS) (effective from January 1, 1994)

February 9, 1994: Turkey Accounting and Auditing Standards Board (TMUDESK)

December 18, 1999: Turkey Accounting Standards Board (TASB)