

ACC 111 – Financial Accounting and Reporting

Topic: Define Accounting

Accounting is the bridge of communication between business and its owners.

DEFINITION OF ACCOUNTING

Accounting a system that measures business activities, processes that information into reports & communicates the results to decision-makers. This is considered as the *language of business*.

Accounting Standards Council (1983) define that accounting is a service activity. Its function is to provide quantitative information primarily financial in nature, about economic entities that is intended to be useful in making economic decisions.

Moreover, American Accounting Association (1966) defines that accounting is a process of identifying, measuring and communicating economic information to permit informed judgments and decisions by the users of the information.

Furthermore, Financial Accounting Standards Board (1978) defines that accounting is an information system that measures, processes and communicates financial information about an economic entity.

Finally, American Institute of Certified Public Accountants (1953) defines that accounting is an art of recording, classifying and summarizing in a significant manner and in terms of money, transactions and events which are, in part at least, of a financial character, and interpreting the results thereof.

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