1

- ✓ Money is the **blood** of Business
- ✓ Money can be in **Various Forms** in business *e.g. Debtors, Stock, Fixed Assets, Bank*
- ✓ In day to day operations of business, **Money changes its forms** *e.g. Sale of Stock on credit – from Stock to Debtors, Purchase of Fixed Asset on Cheque – from Bank to Fixed Assets*
- ✓ This change of form is also called **Flow of Money** from one form to another form.
- ✓ This Flow of Money is also called **Transaction**.
- ✓ Recording of transaction is called **Accounting**.

2

- *Form of Money* – **Accounts**
  - *Personal Accounts*
    - *Natural Person*
    - *Representative Persons*
    - *Artificial Person*
  - *Non-Personal Accounts*
    - *Real Accounts*
    - *Nominal Accounts*

3

	Personal Accounts	**Real Accounts**	**Nominal Accounts**
Meaning	Related to Persons	Related to Business Assets	Related to Exp./Losses/Gains/Incomes
Example	Ram & Co., Shyam, Debtors	Land, Building, Investments	Salary, Interest
What is Debited	The Receiver	What Comes In	All Exp. & Losses
What is Credited	The Giver	What Goes Out	All Incomes & Gains