**Business Finance**

**Topic C: Understand the purpose of accounting**

**C1: Purpose of accounting and**



Image: <https://online.hbs.edu/blog/post/accounting-skills-for-entrepreneurs>

**Business Finance:**

**C: Understand the purpose of accounting**

**C1: Purpose of Accounting**

Accounting involves the recording of financial transactions, planned or actual, and the use of these figures to produce financial information.

**READ:** Text book pages 83 – 85 (stop at types of income)

**WATCH:** Bee Business Bee topic video (approx. 2mins 30) <https://www.youtube.com/watch?v=kYlo9tAtibU>

**Key terminology**

Define the following key terms:

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| **Financial transactions** |  |
| **Fraud** |  |
| **HMRC** |  |
| **Sales Revenue** |  |
| **Profit** |  |
| **Loss** |  |
| **Gross Profit** |  |
| **Net Profit** |  |
| **Trade receivables** |  |
| **Trade payables** |  |

**Reasons why accounting is important**

Explain the reasons why accounting is important:

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| **Recording transactions**: |

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| **Management of the business**: |

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| **Compliance**: |

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| **Measuring performance**: |

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| **Control**: |