

Objectives of Financial Accounting

- ① Maintaining Systematic Records
- ② Ascertaining Profit & Loss
- ③ Ascertaining Financial Position
- ④ Assisting The Management
- ⑤ Provide Accounting Information

① Maintaining Systematic Records

The objective of Financial accounting is to systematic record the financial transactions of an organization in the books of account. Records are in chronological order or date and time wise. It can be use in future when we

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require it for future process.

② Ascertaining Profit and Loss

To ascertain whether the organization have earned profit or incurred loss an Income Statement or Trading and Profit and Loss account is prepared. The Income Statement gives the data of profit and loss of a financial year. The balance sheet gives the overall position of the organization.

③ Ascertaining Financial Position

Another objective of Accounting is to ascertain the financial position by preparing the balance sheet. The balance sheet contains assets and liability that give information about the financial position of the organization.

④ Assisting The Management

Financial accounting provides financial information to management for decision making. The information includes the debtors and creditors, profit and loss and other information.

⑤ Provide Accounting Information

Financial accounting provides the required information to interested users who analyze them as per their requirement. Users can be external or internal. Internal users are the management, employees and external users are creditors, tax authorities, investors etc.