

Discuss accounting principles and applications for business and personal use

[Finance](#)



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ACCOUNTING PRINCIPLES AND APPLICATIONS FOR PERSONAL USE

Accounting is a great management tool of financial resources. When we talk of accounting, it is mostly associated with business terminologies. However, what we overlook is the significance of accounting in our daily life.

Accounting provide immense assistance in managing household expenses and savings, at the same time it helps in managing an individual's personal spending in a wise manner (McLaney, 2009).

How it does so, the reasons will be elaborated in further discussion. Firstly, when it comes to household, monthly expenditure is one thing that affects every family member. Accounting identifies the increases and decreases in spending and shows the major components of your spending. Thus if there are any excessive spending or and wasteful items being purchased, by identifying those, any corrective actions can be taken to get rid of that unwanted excessiveness. All of this will eventually help you to be compatible with your financial targets or budget.

Accounting helps in an individual's life as well, even it's a professional life.

Most of us are in habit of taking loans to fulfill our needs. And there are times too, when most of us are not having much attractive earnings or savings. In those times properly managing of financial resources is of high importance. If you are in debt, you need to first get rid of that because that may even affect your personal reputation and image. Accounting not only makes you more responsible towards personal management but positively affects your lifestyle as well by organizing your professional life with discipline.

Accounting increases a person's financial awareness. Now days, accounting

is not that difficult as it used to be perceived before, with lots of calculations and paper works but after the development of many accounting software, accounting has become too easy and it is no more a thing restricted to finance professionals but even an ordinary man can operate it as efficiently as any finance guy can.

The difference between a successful and not-so-successful individual today is of better financial management. Today, people are more categorized on the basis of their lifestyles and social classes and these two things are better attained with the possession of money, for which financial management is highly important. Even if one wants to succeed in life, personal management is one thing that makes enormous difference in the approaches that people follow to be successful and financial management is one the major component of personal management. And the essence of financial management lies in accounting because this is the basic thing without which financial management is incomplete (Drury, 2008).

Accounting eventually guides you towards the achievement of not only your short term financial targets but also towards the achievement of your long term vision or dreams by correcting you wherever you are deviating from your goal. Accounting polishes the element of accuracy, honesty, financial awareness and organization in one's life. The basic essence what accounting delivers is being an organized and well managed human, this what is needed in everyone's life in order to be successful not only in professional life but also in personal life (Kaplan, and Atkinson, 1998).

References

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