Introduction

Accounting is the systematic process through which economic activities of individuals, firms, and institutions are captured, organized, and communicated. As the "language of business," it converts diverse transactions into standardized, decision-useful information for owners, managers, creditors, regulators, and society at large. Beyond mere bookkeeping, modern accounting encompasses measurement (recognition and valuation), presentation (financial statements and related disclosures), and interpretation (analysis for planning, control, and accountability). Sound accounting underpins stewardship of resources, strengthens corporate governance, enables capital-market efficiency, and supports public trust by making performance and risk visible and comparable across time and entities.

Meaning

In essence, **accounting** means:

- **Identifying** economic events that affect an entity.
- **Measuring** them in monetary terms using accepted principles.
- **Recording** them in a systematic manner (journals, ledgers).
- **Classifying and summarizing** into statements (income statement, balance sheet, cash flows, equity).
- **Communicating and interpreting** the results to stakeholders for decisions regarding investment, lending, operations, compliance, and policy.

Definitions (Five Different Authors/Bodies)

1. **AICPA (Committee on Terminology, 1941):** "Accounting is the 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."
2. **American Accounting Association (AAA, 1966):** "Accounting is the process of identifying, measuring, and communicating economic information to permit informed judgments and decisions by users of the information."
3. **R. N. Anthony (1965):** Accounting is a system for measuring and communicating an enterprise's economic information to permit informed judgments and decisions by users.
4. **Kieso, Weygandt & Warfield (Intermediate Accounting):** Accounting is an information system that identifies, records, and communicates the economic events of an organization to interested users.
5. **Meigs & Meigs (Accounting: The Basis for Business Decisions):** Accounting is the process of measuring, recording, summarizing, and communicating financial information so that users can understand performance and position and make decisions.

Conclusion

Taken together, these definitions emphasize accounting as both a discipline of measurement and a communication system. It is not confined to bookkeeping tasks; rather, it spans recognition and valuation (what to measure and how), organization (how to classify and present), and interpretation (what the numbers mean for stewardship, performance, risk, and strategy). By transforming raw transactions into reliable, comparable, and timely reports, accounting enables accountability inside organizations and allocative efficiency in markets. In practice, the value of accounting arises from adherence to generally accepted principles, consistency, and faithful representation—features that turn complex economic reality into decision-useful insights for a wide array of stakeholders.