GENERAL ACCOUNTING PRACTICES ADOPTED BY WHOLESALE & RETAIL BUSINESS ENTERPRISES

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ABSTRACT
The present study aims to study the accounting practices adopted by the wholesalers & retailers of Udaipur division. It has been concluded that there is a difference in the accounting practices adopted by the wholesalers & retailers of Udaipur district. Earliest accounting practices were limited to book keeping and record classifying but today it has become a vast filed from book keeping to management decisions etc.

Progress and prosperity of business depend upon the adoption of proper accounting practices. But most of the small business firms, engaged in trading activities, do not give proper attention towards accounting of their business transactions. They usually concentrate more on selling and buying activities of their products without seriously on maintaining proper books and accounts. Nowadays the needs of the customers have risen for which the business entities have to carry inventories of varieties of goods. Again, a substantial portion of the goods are sold generally on credit by sole proprietorships and partnership firms. It leads to increase in volume of investment in stocks and debtors.

As the business world is very competitive and the cost of running a business is going up, the business entities have to improve their financial performance by regular supervision and monitoring. Measurement of the results of business activities are done by preparing trial balance, trading account, profit and loss account and balance sheet. They also keep the records of sales, purchases, returns of sales and purchases, stocks, collections from trade debtors and payments to trade creditors etc. Again these accounting information, are to be communicated to the tax authorities, banks or financial institutions, insurance companies, suppliers of goods etc. The operation of business have become more complex over the years, accordingly accounting has also developed new concepts and techniques which are applied to meet the ever increasing needs for financial information.

Accounting is a process which follows some prescribed rules and steps to record the daily business transactions in order to get the results thereof. As and when a transaction takes place in the business, the effect of that transaction is put to accounting process and recorded in the proper books of accounts. Record keeping in a business firm means to retain records of all necessary information in all aspects related to the business activities. Such business activities may be:

(i) Purchases of goods and services and consumables;
(ii) Sales of goods and services;
(iii) Payment received from the debtors;
(iv) Payment made to the suppliers;
(v) Purchase and sale of assets;
(vi) Taking of loans and settlement thereof;
(vii) Payment to the staff;
(viii) Transactions relating to capital and withdrawal thereof;
(ix) Payment for other activities related to the business, e.g., rent, hire charge, electricity and other operating expenses.

It would not be out of reference to mention here that all business organisations are subject to the application of ‘Concept of Separate Entity’. So, each and every business firm invariably shall keep separate accounts for the business. In case of company form of organisations there is separation of ownership from the management, so the problem of keeping separate accounts for the company will not arise. But in case of proprietorship and partnership (unlimited) enterprises, there is no such separation of ownership from the management. These firms are very flexible types of business entity, and the owners has complete control over all the aspects of his business and can take direct and unrestricted managerial control in taking decisions concerning the management and the future of the business and act quickly and efficiently. Thus the sole proprietorship and partnership form of business organisations have derived the power to maintain necessary accounts of their business activities. But this does not mean that they can mix up their private (household) accounts with business accounts.

The word ‘Retail’ is derived from a French word with the prefix re that the verb tailor meaning "to cut again". Evidently, retail trade is one that cuts off smaller portions from large lumps of goods. It is a process through which goods are transported to final consumers. In other words, retailing consists of the activities involved in selling directly to the ultimate consumer for personal, non-business use. It embraces the direct-to-customer sales activities of the producer, whether through his own stores by house-to-house canvassing or by mail-order business. A retailer is a merchant or occasionally an agent or a business enterprise, whose main business is of selling goods directly to ultimate consumers for non-business use. He performs many marketing activities such as buying, selling, grading, risk-taking, and developing information about customer’s wants. A retailer may sell goods infrequently to industrial users, but these are called wholesale transactions, not retail sales. If over one half of the amount of volume of business comes from sales to ultimate consumers, i.e. sales at retail and, he is called as a retailer. Retailing occurs in all marketing channels for consumer products.

KEY WORDS: Accounting Practices, Wholesalers, Retailers.
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accounting. many wholesalers maintain their accounts on daily professional person. computers are preferred by wholesalers to retailer are maintained by their own without preferring any their books of accounts while on other hand, books of accounts of we conduct that the wholesalers pay more attention towards transactions . wholesaler prefer professional person to maintain retailers pay less attentions towards accounting of their business while on other hand , the the owners' level of accounting knowledge.

accounting information is important for a successful management of a business whether it is large or small. The study also revealed that, the need to prepare a complete set of financial statements is determined by the size of the firm, age of business and engagement of accounting personnel.

reviewed financial records in small firms and concluded that financial records of SMEs should include; sales day book, purchase day book, cash receipt book, cheque payment book, petty cash book, general journal, nominal ledger, debtors' ledger and creditors' ledger. Accounting and marketing pose major challenges to management of SMEs and recommends that owners or owners in SMEs must learn about accounting or hire experts. A conventional accounting report play a significant role in SMEs but argues that the reports must be adjusted in order for them to be understood, proposing the use of the cash basis rather than the accruals basis.

has stated that the focus of accounting should be an effective economic control of the resources. People act on behalf of entities and decisions are made by specific individuals or group of individuals. The process and procedure of accounting are carried out by people.

concluded that the volume of accounting practices in SMEs is dependent on a number of operating environmental factors that include size of the business, business age and industrial grouping. They further argue that most owners and managers of SMEs engage public accountants to prepare required information and that owners and managers search for additional information, but only to a limited extent.

concludes that the development of a sound accounting information system (AIS) in SMEs depends on the owners’ level of accounting knowledge.

From this research we get the conclusions about the accounting practices of wholesalers and retailer in the market of internal trade. we conduct that the wholesalers pay more attention towards accounting of their business transactions while on other hand , the retailers pay less attentions towards accounting of their business transactions . wholesaler prefer professional person to maintain their books of accounts while on other hand, books of accounts of retailer are maintained by their own without preferring any professional person. computers are preferred by wholesalers to maintain account while retailer are more in dined towards manual accounting. many wholesalers maintain their accounts on daily basis while many retailer maintain their accounts on weekly basis . the common aspects between both i.e. the wholesaler and the external trade in its different sections.

References

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