CONCLUSION:

Maintenance of proper books of accounts is one of the primary requirements of any business enterprise, no matter how small. With a good accounting system in operation the enterprise can manage the cash inflows and outflows, can forecast revenues and pay bills, can measure the values of the assets and the worth of the business and can generate reports to have access to the capital/debt market.

There are many opportunities with new problems before the business firms. They have to take decisions with certain degree of precision to reap the benefit of the opportunities and to overcome the problems. Accounting plays an important role to formulate proper policies and to take informed decision. As activity the importance of accounting on the one hand, and trading or manufacturing or marketing on the other, is not comparable. Accounting is considered as a supporting activity for the success of a business entity. In the modern technology based economy and competitive business world, quick and reliable availability of information is a pre-condition for success of business and this information may be obtained from accounting. Accounting practices play a vital role in ascertaining overall results of the business.
The factors like globalization of business, growth in service sector and increase in population have pushed up the demand for goods and services, size of business firms and naturally there has been increase in the volume of business transactions. On the other hand, these have created demand for higher amount of investment in the form of equity and debt capital. The ultimate impact of all these aforesaid factors is reflected in financial statements. Preparation of true and fair financial statements is impossible if proper accounting system is not developed within the business enterprise.