**Government Accounting:**

Meaning:

The accounting system used in government offices to record and report their financial transactions is known as government accounting. Government accounting is concerned with systematic and scientific recording of government revenues and expenditures. It is the systematic process of collecting, recording, classifying, summarizing and interpreting the financial transactions relating to the revenues and expenditures of government offices. It reveals how public funds have been generated and utilized for the welfare of the general public. Therefore, government accounting may be defined as an accounting system used in government institution for the purpose of recording, classifying, summarizing and communicating the financial information regarding the collection and utilization of public funds and properties. It is concerned with keeping records of government revenues and their expenditure in different development and administrative works. It reflects the receipt and payment position of the public funds.

Objectives of Government Accounting:

1. To record financial transactions of revenues and expenditures related to the government organizations.
2. To avoid the excess expenditures beyond the limit of the budget approved by the government.
3. To make expenditures according to the appropriate act, rules and legal provisions of the government.
4. To provide reliable financial data and information about the operation of public fund.
5. To prevent misappropriation of government properties by maintaining the systematic records of cash and store items.
6. To facilitate for making auditing of the books of accounts.
7. To help for preparing different financial statements and reports.
8. To facilitate for estimating the annual budget by providing historical financial data of government revenues and expenditures.

Government Accounting VS Commercial Accounting:

Following are the main differences between government accounting and commercial accounting:

1. **Meaning:**

The accounting system maintained by the government offices is known as government accounting. The accounting system maintained by business organizations is known as commercial accounting.

1. **Objective:**

Government accounting is maintained by the government offices to know the position of public fund. Commercial accounting is maintained by business organizations to know the profit or loss and the financial position of the business.

1. **Budget:**

Government accounting strictly follows the government budgeting system. commercial accounting does not follow the government budgeting system.

1. **Basis:**

Government accounting is prepared on cash basis. Commercial accounting is prepared on cash as well as accrual basis.

1. **Level Of Accounting:**

Government accounting has the system of central level and operating level accounting. Commercial accounting has no provision of central level and operating level accounting.

1. **Rules And Provisions:**

Government accounting is strictly maintained by following the financial rules and provisions of government. Commercial accounting is maintained by following the rules and principles of 'Generally Accepted Accounting Principles'.

1. **Information:**

Government accounting provides information to the government about the receipts, transfer and deposition of public funds. Commercial accounting provides information to the concerned parties about the operating result and financial position of the business.

1. **Auditing:**

An Auditor General Office audits the book of accounts kept under government accounting. A professional auditor can audit the books of accounts kept under commercial accounting.

(Note: For General Principles of Government Accounting, kindly follow the text-book and prepare note accordingly).