

CONTENTS

1. Meaning and Scope of Accounting

Need for Accounting
Development and Definition of Accounting
Book Keeping and Accounting
Persons interested in Accounting
Branches of Accounting
Financial Accounting
Cost Accounting
Users of Accounting Information
Exercises

2. Accounting Standards of India

Accounting Standards
AS-1 Disclosure of Accounting Policies
Introduction
Explanation
Exercises

3. Accounting Principles, Concepts and Convention

Principles of Accounting
Business Entity Concept
Money Measurement Concept
Going Concern Concept
Dual Aspect Concept
Accounting Period Concept
Matching Concept
Accrual Concept
Objective Evidence Concept
Convention of full Disclosures
Convention of Consistency
Convention of Materiality
Convention of Conservation
Exercises

4. Accounting Equation

Accounting Equation

Rules for Accounting Equation

Steps for Developing an Accounting Equation

Exercises

5. Accounting Transactions

Accounting Cycle

Rules of Debit and Credit

Goods Purchased from Madavan

Impersonal Account

Real Account

Tangible Real Account

Intangible Real Account

Rule of Real Account regarding Debit and Credit

Nominal Account

Journal

Date

Particulars

Ledger Folio (L.F.)

Amount (Debit) and (Credit)

Narration

Explanation of Journal Entries

Compound Journal Entry

Opening Journal Entry

Closing Journal Entry

Journalise the Above Transactions

Relationship between Journal and Ledger and its importance

Advantages/Utility of ledger

Trial Balance

Objectives of Trial Balance

Methods of Preparing Trial Balance

Balance Method

Total Method

Subsidiary Books

Cash Book

Simple or Single-Column Cash Book

Ledger Postings from Subsidiary Books Summary of rules

of posting from subsidiary books
Sales Book
Purchases Return Book
Sales Return Book
Journal Entries from Ledger Accounts
Rules for balancing Ledger Accounts
Banking Transactions
Journal Entries in Connection with Bank and
Cash Transactions
Multi Columnar Cash Book
Petty Cash Book
Analytical Petty Cash Book or Columnar Petty Cash Book
Credit Books
Purchase Book
Purchase Return Book
Sales Return Book
Bills Receivable Book
Bills Payable Book
Journal Proper
Trial Balance
Exercises

6. Errors and their Rectification

Rectification of Errors
Suspense Account
One-sided Errors Error of totalling or costing
Rectification
Errors of Carry forward
Rectification
Error of Posting
Rectify the following errors
Double-Sided Error
University Problems
Exercises

7. Bank Reconciliation Statement

Introduction
Meaning & Concept of Bank Reconciliation Statement
Causes for Difference in the Balance Shown by the Cash

Book and the Bank Pass Book on A Specific Date
Alternative Method to Prepare Bank Reconciliation Statement
Method
Exercises

8. Self-Balancing and Section Balancing Systems

Concept of Self-balancing System
Sub-division of Ledger
Transfer from one Ledger to another Ledger
Format of Debtors Ledger Adjustment Account
Format of General Ledger Adjustment Account
Format of Creditors Ledger Adjustment Account
Format of General Ledger Adjustment Account
Sectional Balancing System
Errors and their rectification in Self-balancing System
Exercises

9. Consignment Account

Meaning of Consignment
General Commission
Del credere Commission
Overriding Commission
Account Sales
Book of Consignee
Important Terms in Consignment
Abnormal Loss
Exercises

10. Investment Accounts

Meaning
Types
Purchase of Investments
Cum-Interest
Ex-Interest
Investments in Equity Shares
Accounting Treatment of Investments
Journal entries for transactions in relation to purchase and

sale of investments
Sale of investments
Sale of investments at ex-interest Price
Receipt of income on investments
For interest earned but not received
Investment and Accounting Treatment
Statements of Accounting Standards (AS 13)
Exercises

11. Joint Venture Accounts

Meaning of Joint Venture
Joint Venture and Consignment
Joint Venture and partnership
Accounting for Joint Venture
Joint Venture Account
Co-venturers Account
Joint Bank Account
Separate Set of Books or Joint Bank Account Method
Exercise

12. Average due Date

Utility of Average Due Date
Calculation of interest
Calculation of Interest on Drawings
Calculation of the Amount of Interest to be debited to Partners Capital
Grace period
Exercises

13. Bills of Exchange

Definition and Concept of Bills of Exchange
Specimen of Bill of Exchange
Parties Involved in Bill of Exchange
Features of Bill of Exchange
Days of Grace
Accounting entries in the books of Drawer
Journal entries in the books of Acceptor
Noting Charges

Retiring of A Bill
Accommodation Bills
Exercises

14. Account Current

Meaning and definition of Account Current
Methods and Procedure for Calculating Days of Interest
Procedure for Counting days
Preposition of Account Current
Red Ink Interest
Forward Method
Daily Balance Method or periodical Balance Method
Exercises

15. Final Accounts of sole Trading Concerns

Manufacturing Account
Proforma of Manufacturing Account
Important points with regard to Manufacturing Account
Trading Account
Closing Entries
Profit and Loss Account
Balance Sheet
Proforma Balance Sheet Arranged as per Permanency Order
Uses of Balance Sheet
Limitations of Balance Sheet
Commission to the Manager
Exercises

16. Capital and Revenue Items

Deferred Revenue Expenditure
Difference between Capital and Revenue expenditure
Alterations and Improvements
Development Expenditure
Capital and Revenue Receipts
Exercises

17. Accounts of Non-Trading Organisations

Receipts and Payments Accounts

Specimen of Receipts and Payment Accounts
Income and Expenditure Account
Specimen of Income and Expenditure Account
Balance Sheet
Entrance fees
Life membership fees
Subscription
Donations
Legacy
Sale of an asset
Sale of old newspapers
Government grant
Capital fund
Sale of used sports materials
Endowment fund
Special funds
Honorarium
Subscription for periodicals
Accrued income and income received in advance
Outstanding expenses and prepaid expenses
Other capital payment
Other revenue receipts
Exercises

18. Provisions and Reserves

Introduction
Meaning of Provisions
Use of Provisions
Provision for Doubtful debts
Provision for discount on debtors
Provision for taxation
Provision for Repairs and Renewals
Accounting treatment of provisions
Reserves
Capital Reserve
Revenue Reserve
General Reserve
Specific Reserve
Secret Reserve

Debenture Redemption Reserve
Accounting Treatment for Reserve
Fund
Sinking Fund
Exercises

19. Depreciation Accounting

Methods of Depreciation
Straight Line Method
Diminishing Balance Method
Annuity Method
Depreciation Fund Method
Insurance Policy Method
Revaluation Method
Sum of the Digits Method
Depletion Method
Machine Hour Rate Method
Repairs Provision Method
Merits of Straight Line Method
Calculation of Depreciation on Additions to Asset
Change of Method
Exercises

20. Fire Insurance Claims

Introduction
Loss of stock along with other assets
Rate of Gross Profit
Claim for loss of profit
Calculation of claim for loss of profit
Insured standing charges
Exercises

21.] Accounts from incomplete Records or Single entry Accounting

Meaning
Definitions
Characteristics/Salient Features of single entry System

Defects of Single Entry System
Distinction Between Single Entry and Double Entry System
Ascertainment of Profit/Loss
Statement of Affairs
Distinction Between Statement of Affairs and Balance Sheet
Conversion Method
Calculation of Missing Figures with the help of Necessary Ledger Accounts
Steps Required to Convert Single Entry System into Double Entry System
Exercise

22. Branch Accounting

Meaning
Objects of Branch Accounting
Types of Branches
Dependent Branches
Goods Sent to Branch by Head Office at Invoice Price
Branch expenses paid by branch office
Branch expenses paid by branch office when petty cash is maintained on imprest systems
Stock and Debtors System
The excess of invoice price or selling price over the cost price is found out and the following entries or passed
Final Accounts System
Whole Sale Branch System
Calculation of Closing Stock
Independent Branch
Salient Features of Independent Branch Accounting System
Goods-in-Transit
Cash in Transit
Incorporation of Branch Trial Balance in the Head Office Books
Exercise

23. Departmental Accounting

Meaning of Departmental Accounting
Methods of Departmental Accounting
Accounts of all departments are Maintained in

a Columnar System
Separate set of Books for each departments
Objects of Departmental Accounting
Advantages of Departmental Accounting
Apportionment of Expenses between various departments
Expenses which cannot be apportioned
Inter-Departmental Transfer
Inter-department Transfer at Invoice Price/Selling Price
Stock Reserve
Exercises

24. Hire Purchase Accounting

Meaning
Definition
Features of Hire Purchase System
Accounting Treatment for Hire Purchase Transactions
Books of Hire Vendor
Calculation of Interest
Interest
When the rate of interest, total cash price and the instalment are given
When Rate of Interest, total Cash price & Instalments are given
When rate of interest and instalment are given but total cash price is not given
Interest Charged should be
Where the Rate of interest and total cash price are given but the instalment price is not given
Calculation of Cash price by Annuity method
Default and Repossession
Complete repossession
Books of Hire Vendor
Books of Hire purchasers
Books of Hire Purchasers
Partial Repossession
Accounting for Goods of Small Sales Values
Method of Ascertaining profit
Debtors Method

Stock and Debtors System
Exercises

25. Instalment—Purchase Accounting

Legal Position
Distinction between Hire-purchase and Instalment purchase system
Accounting Treatment
In the books of buyer
In the Books of Vendor
Exercises

26. Sale or Return

Purpose
Accounting treatment
Ordinary Sale Method
Note the following points
Mutli Columnar Journal Method
Separate Day Book Method
Exercises

27. Royalty Accounts

Meaning of Royalty
Minimum Rent
Recoupment of Short Workings
Dislocation of Activity due to Strike and Lock Out
Journal entries in the books of Lessee
Sub-Lease
In the Books of Landlord
In the books of lessee
In the books of sub-lessee
Exercises

28. Partnership Accounting—Introduction Aspects

Introduction
Definition of Partnership
Rights of partners
Powers of Partners

Duties of partners
Kinds of Partners
Registration of partnership firm
Capital accounts
Current account
Fixed Capital Account
Current Capital Account
A. Capital
B. Interest on capital
C. Interest on Drawing
D. Partner's Salary
E. Commission is Payable to a Partner
F. Reserve
G. Profit/Loss
H. Transfer of Fixed to capital to Current A/C & Vice versa
A. Fixed capital method
B. Fluctuating capital Method
Interest on Drawing
Check/verify
Interest on Capital
Division of Profits
Capital Ratio
Past adjustments
Procedure for solving the problem
Guarantee
Guarantee by the firm
Guarantee by one of the partners
Exercise

29. Partnership—Final Accounts

Profit and Loss Appropriation Account
Exercises

30. Partnership—Admission of a Partner

Partnership-Admission
Calculation of new Profit Sharing Ratio
Sacrificing Ratio
Revaluation of Assets and Liabilities

Adjustments Regarding Goodwill of the Firm
Methods for Treatment of Goodwill at Admission
Revaluation Method
Memorandum Revaluation Method
Premium Method
Test Your understanding State whether the following
statements are true or false
Exercises

31. Partnership Accounting—Retirement or Death of a Partner

Introduction
Treatment of goodwill
When the goodwill is raised at full value
Revaluation of Assets and Liabilities
Treatment of undistributed profits or losses
Only retiring partners' share of accumulated profit/loss
transferred
Payment of amount of due to the retiring partner
Payment through instalments
Calculation of ratios
Gaining ratio
Difference between sacrificing ratio and gaining ratio
Goodwill
Settlement of the Total Amount due to the Retiring partnes
Retirement cum Admission
Death of a partner
Calculation of Deceased Partners share of profit
Joint Life Policy
Accounting treatment
Payment of annual premium treated as an expense
Treatment of payment of premium as an asset
Joint life policy reserve Method
Exercises

32. Dissolution of a Partnership

Dissolution by Agreement
Company Dissolution [Sec. 41]

Dissolution on the Happening of Certain Contingencies
Dissolution by Notice of Partnership At Will
Dissolution by the Cour
Settlement of Accounts on Dissolution
Accounting Entries
Loss Arising from Insolvency of a Partner
Insolvency of all the Partners
Piecemeal Distribution
Proportionate Capital Method
Maximum Loss Method
Exercises

33. Insolvency Account of Sole Trader and Partnership

Meaning of Insolvency
Doctrine of Reputed ownership
Insolvent Accounts
Statement of affairs
Deficiency Account
Assets having more than one charge
Points to be kept in mind while preparing statement of affairs
Points to be kept in mind while preparing Deficiency Account
Insolvency of Partnership
Exercises

34. Partnership—Amalgamation

Amalgamation of Firms
Amalgamation of Partnership firm
Closing the Books of Amalgamating Firms
Treatment of Goodwill
Exercises

35. Sale of a firm to a Company

Net Payment Method
Net Asset Method
The fictitious assets do not have any value

Exercises

36. Government Accounts

General Principles of Government Accounting

Indian Audit and Accounts Department

Comptroller and Auditor General of India

Public Accounts Committee

Consolidated funds

Contingency fund

Public Account

Compilation of Accounts

Exercises

37. Farm Accounting

Objectives of Farm Accounting

Recording of the Transaction

Drawings

Wages

Depreciation

Method of preparation of final accounts

Single Entry Method

Calculation of Profit

Double Entry Method

Exercises