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**ELEMENTS OF FINANCIAL ACCOUNTING**

**KISHNADWALA  
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**BAF Series**

**(Financial Accounting - I)**

# **ELEMENTS OF FINANCIAL ACCOUNTING**

**H. V. KISHNADWALA  
H. A. WANDREKAR**



**VIPUL PRAKASHAN**  
MUMBAI - 400 004



As Per Revised Syllabus under CBCGS System of BAF  
Course under Mumbai University w.e.f. June, 2016

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**(Financial Accounting – I)**  
**Elements of**  
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**CA H. V. KISHNADWALA**

B.Com., F.C.A., D.C.M.,

Formerly, Senior Lecturer in Accountancy & Computer Systems in  
N. M. College of Commerce & Economics, Vile Parle (West), Mumbai - 56.

**CA H. A. WANDREKAR**

M.Com., F.C.A.,

Assistant Professor,

L. S. Raheja College of Arts & Commerce, Santacruz (West), Mumbai - 400 054.

**SECOND REVISED EDITION**



**VIPUL PRAKASHAN™**

161, Jagannath Shankar Seth Road,  
Girgaum, Mumbai - 400 004.

Tele/Fax: 2387 9395 / 2387 1127

E-mail: [vipulprakashan@gmail.com](mailto:vipulprakashan@gmail.com)



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# *Preface*

*It gives us great pleasure in bringing you this book “Elements of Financial Accounting” as per the revised syllabus of First Year: First Semester, B.Com. Accounting and Finance (BAF) course of Mumbai University.*

*A number of illustrations are given for better and easier understanding of all the topics. Additional exercises have also been given for practice of the students.*

*We thank the publishers for their untiring efforts to bring out this book.*

*We are sure that like our other books, this book will also be well received by the teaching fraternity and the students. Suggestions for further improvements are welcome preferably by e-mail at:*

*vipulprakashan@gmail.com*

*or*

*hkishnadwala@vsnl.com*

*or*

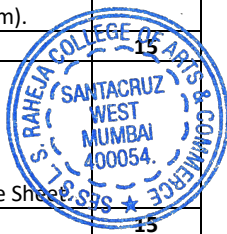
*hrishi6879@gmail.com*



**Authors**

# Syllabus

No.	Modules / Units	No. of Lectures
1	<b>Accounting Standards Issued by ICAI and Inventory Valuation:</b>	15
	<ul style="list-style-type: none"> <li>• <b>Accounting Standards:</b> Concepts, Benefits, Procedures for Issue of Accounting Standards Various AS: <b>AS – 1: Disclosure of Accounting Policies</b> (a) Purpose (b) Areas of Policies (c) Disclosure of Policies (d) Disclosure of Change in Policies (e) Illustrations <b>AS – 2: Valuation of Inventories (Stock)</b> (a) Meaning, Definition (b) Applicability (c) Measurement of Inventory (d) Disclosure in Final Account (e) Explanation with Illustrations <b>AS – 9: Revenue Recognition</b> (a) Meaning and Scope (b) Transactions Excluded (c) Sale of Goods (d) Rendering of Services (e) Effects of Uncertainties (f) Disclosure (g) Illustrations</li> <li>• <b>Inventory Valuation:</b> Meaning of Inventories Cost for Inventory Valuation Inventory Systems : Periodic Inventory System and Perpetual Inventory System Valuation: Meaning and Importance Methods of Stock Valuation as per AS – 2: FIFO and Weighted Average Method Computation of Valuation of Inventory as on Balance Sheet Date: If Inventory is taken on a Date After the Balance Sheet or Before the Balance Sheet</li> </ul>	
2	<b>Final Accounts:</b>	15
	<ul style="list-style-type: none"> <li>• Expenditure: (a) Capital (b) Revenue</li> <li>• Receipts: (a) Capital (b) Revenue</li> <li>• Adjustments and Closing Entries.</li> <li>• Final Accounts of Manufacturing Concerns (Proprietary Firm).</li> </ul>	
3	<b>Departmental Accounts:</b>	15
	<p>Meaning. Basis of Allocation of Expenses and Incomes / Receipts. Inter Departmental Transfer: At Cost Price and Invoice Price. Stock Reserve. Departmental Trading and Profit and Loss Account and Balance Sheet</p>	
4	<b>Accounting for Hire Purchase</b>	15



Meaning. Calculation of Interest. Accounting for Hire Purchase Transactions by Asset Purchase Method Based on Full Cash Price. Journal Entries, Ledger Accounts and Disclosure in Balance Sheet for Hirer and Vendor. (Excluding Default, Repossession and Calculation of Cash Price)	
<b>Total</b>	<b>60</b>

## Question Paper Pattern

**Maximum Marks:** 75

**Duration:** 2½ Hrs.

Questions to be Set: 05

All Questions are Compulsory Carrying 15 Marks each.

<b>Q-1</b>	Objective Questions (A) Sub Questions to be asked 10 and to be answered any 08 (B) Sub Questions to be asked 10 and to be answered any 07 (*Multiple choice / True or False / Match the columns, Fill in the blanks)	<b>15 Marks</b>
<b>Q-2</b>	Full Length Practical Question OR	<b>15 Marks</b>
<b>Q-2</b>	Full Length Practical Question	<b>15 Marks</b>
<b>Q-3</b>	Full Length Practical Question OR	<b>15 Marks</b>
<b>Q-3</b>	Full Length Practical Question	<b>15 Marks</b>
<b>Q-4</b>	Full Length Practical Question OR	<b>15 Marks</b>
<b>Q-4</b>	Full Length Practical Question	<b>15 Marks</b>
<b>Q-5</b>	(A) Theory questions (B) Theory questions OR	<b>08 Marks</b> <b>07 Marks</b>
<b>Q-5</b>	Short Notes: To be asked 05 To be answered 03	<b>15 Marks</b>

**Note:** Practical question of 15 marks may be divided into two sub questions of 7/8 and 10/5 Marks. If the topic demands, instead of practical questions, appropriate theory question may be asked.



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