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# Introduction to FINANCIAL ACCOUNTS

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



*S. Lawa*

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

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**Vipul's<sup>TM</sup>**  
**Introduction to**  
**Financial Accounts**  
**(BMS First Year : First Semester)**

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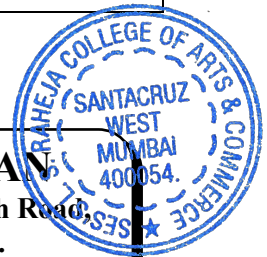


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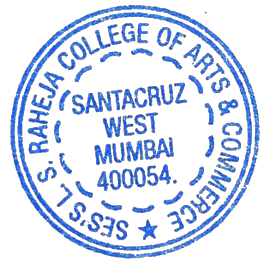
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**DEDICATED**

to

Shri Vasantbhai Kishnadwala  
A visionary in the cause of accountancy education



# *Preface*

It gives us great pleasure in bringing you this book “Introduction to Financial Accounts” as per the revised syllabus of First Year: First Semester, Bachelor of Management Studies (BMS) 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:

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hkishnadwala@gmail.com      or  
hrishi6879@gmail.com



# SYLLABUS

Unit	Title	No. of Lectures
1	<b>Introduction:</b>	15
	<p><b>Meaning and Scope of Accounting:</b> Need and Development, Definition: Book-Keeping and Accounting, Persons Interested in Accounting, Branches of Accounting, Objectives of Accounting.</p> <p><b>Accounting Principles:</b> Introductions to Concepts and Conventions.</p> <p><b>Introduction to Accounting Standards:</b> (Meaning and Scope)</p> <ul style="list-style-type: none"> <li>◆ <b>AS 1 :</b> Disclosure to Accounting Policies.</li> <li>◆ <b>AS 6:</b> Depreciation Accounting.</li> <li>◆ <b>AS 9:</b> Revenue Recognition.</li> <li>◆ <b>AS 10:</b> Accounting For Fixed Assets.</li> </ul> <p><b>International Financial Reporting Standards (IFRS):</b></p> <ul style="list-style-type: none"> <li>◆ Introduction to IFRS</li> <li>◆ <b>IAS-1:</b> Presentation of Financial Statements (Introductory Knowledge).</li> <li>◆ <b>IAS-2:</b> Inventories (Introductory Knowledge).</li> </ul> <p><b>Accounting In Computerized Environment:</b> Introduction, Features and Application in Various Areas of Accounting.</p>	
2	<b>Accounting Transactions:</b>	15
	<ul style="list-style-type: none"> <li>◆ <b>Accounting Transactions:</b> Accounting Cycle, Journal, Journal Proper, Opening and Closing Entries, Relationship between Journal and Ledger: Rules regarding Posting, Trial Balance: Subsidiary Books (Purchase, Purchase Returns, Sales, Sales Returns and Cash Book – Table Column), Bank Reconciliation Statement.</li> </ul>	



	<ul style="list-style-type: none"> <li>◆ <b>Expenditure:</b> Classification of Expenditure – Capital, Revenue and Deferred Revenue Expenditure. Unusual Expenses: Effects of Error: Criteria Test.</li> <li>◆ <b>Receipts:</b> Capital Receipt, Revenue Receipt, Distinction between Capital Receipts and Revenue Receipts.</li> <li>◆ <b>Profit or Loss:</b> Revenue Profit or Loss, Capital Profit or Loss</li> </ul>	
<b>3</b>	<b>Depreciation Accounting and Trial Balance:</b>	<b>15</b>
	<p><b>Depreciation Accounting:</b> Practical Problem based on Depreciation using SLM and RBM methods. (Where Provision for Depreciation Account not maintained).</p> <p><b>Preparation of Trial Balance:</b> Introduction and Preparation of Trial Balance</p>	
<b>4</b>	<b>Final Accounts:</b>	<b>15</b>
	<ul style="list-style-type: none"> <li>◆ Introduction to Final Accounts of a Sole Proprietor.</li> <li>◆ Rectification of Errors.</li> <li>◆ Manufacturing Account, Trading Account, Profit and Loss Account and Balance Sheet.</li> <li>◆ Preparation and Presentation of Final Accounts in Horizontal Format</li> <li>◆ Introduction to <b>Schedule 6</b> of Companies Act, 1956.</li> </ul>	
	<b>Total</b>	<b>60</b>



# Question Paper Pattern

**Maximum Marks:** 75

**Duration:** 2 ½ Hrs.

Questions to be set: 05

All Questions are Compulsory Carrying 15 Marks each.

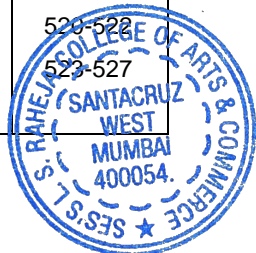
No.	Particular	Marks
Q. 1	Objective Questions <b>(A)</b> Sub Questions to be asked 10 and to be answered any 08 <b>(B)</b> Sub Questions to be asked 10 and to be answered any 07 (*Multiple choice / True or False / Match the columns/Fill in the blanks)	15 Marks
Q. 2	Full Length Practical Question <b>OR</b>	15 Marks
Q. 2	Full Length Practical Question	15 Marks
Q. 3	Full Length Practical Question <b>OR</b>	15 Marks
Q. 3	Full Length Practical Question	15 Marks
Q. 4	Full Length Practical Question <b>OR</b>	15 Marks
Q. 4	Full Length Practical Question	15 Marks
Q. 5	<b>(A)</b> Theory questions <b>(B)</b> Theory questions <b>OR</b>	08 Marks 07 Marks
Q. 5	Short Notes To be asked 05 To be answered 03	15 Marks

**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.



# CONTENTS

No.	Chapter	Pages
<b>UNIT – I – Introduction</b>		
1.	Meaning and Scope of Accounting	1-24
2.	Accounting Standards	25-50
3.	International Financial Reporting Standards (IFRS)	51-65
4.	Accounting in Computerised Environment	66-77
<b>UNIT – II – Accounting Transactions</b>		
5.	Principles of Double Entry Book-keeping	78-95
6.	Accounting Transactions	96-114
7.	Ledger	115-135
8.	Subsidiary Books	136-180
9.	Purchase, Sales, Return Book	181-212
10.	Bank Reconciliation Statement	213-238
11.	Capital, Revenue & Deferred Revenue Expenditure and Receipts	239-270
<b>UNIT – III – Depreciation and Trial Balance</b>		
12.	Depreciation	271-311
13.	Errors and their Rectification	312-339
14.	Trial Balance	340-357
<b>UNIT – IV – Final Accounts</b>		
15.	Adjusting and Closing Entries	358-387
16.	Final Accounts	388-481
17.	Horizontal and Vertical Forms	482-503
18.	Schedule III	504-519
•	Objective Questions	520-522
•	University Question Papers	523-527



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