



ADVANCED ACCOUNTANCY

VOLUME - I & II

Accounting as a language serves the function of communication to all, irrespective of whether they have direct or indirect stake in the business, viz., the proprietors, creditors, investors, bankers, Government, competitors, employees and other agencies. Accounting organizes and summarizes economic information so that decision makers can use it. The information is presented in reports called Financial Statements. To prepare these statements, accountants analyse, record, quantify, accumulate, summarize, classify, report and interpret economic events and their financial effects on the organization. The series of steps involved in initially recording information and converting it into financial statements is called the accounting system. Book-keepers and computers then perform the routine task of collecting and compiling economic information. The real value of any accounting system lies in the information it provides. Accounting is becoming increasingly attractive and fascinating. With the growing importance of accounting in the international arena, the book provides an in-depth understanding and knowledge about accountancy.

The accounting concepts and procedures are being constantly reviewed and revised. The book ensures that the changes are synchronized and harmonized with the related laws, revised rules and regulations pertinent to the topics covered. The book has kept in view the international developments in the accounting arena and also blends national as well as international laws which have become all the more essential with trade liberalization and globalization. The book is presented in two independent but complementary volumes,

Volume I and Volume II. Volume I deals with the fundamental principles of accounting concerned with non-corporate entities-it comprises of three sections:

- (I) Accounting Principles and Processes;
- (II) Special Business Accounting;
- (III) Partnership Accounts.

Each section has been divided into a number of convenient and independent chapters dealing comprehensively with the text and illustrative material for better and concise comprehension for the user. All the sections have, apart from mandatory changes, incorporated question trends adopted by Institutions conducting professional and non-professional examinations.

Section I comprehensively and in a very simplified and illustrative method defines the meaning, scope, and need for accounting vis-à-vis its objectives and the role of accountant. It also incorporates 29 National and 41 International Accounting Standards. Journalizing the transactions, their ledger postings and trial balances have been dealt in Chapter 3-5. In the chapter concerning Negotiable Instruments, the author has taken painstaking endeavour to simplify theory/practicals of negotiable instruments. The chapter on Capital and Revenue incorporates the change in the concept of deferred revenue expenditure. The scope of Depreciation Accounting has been further widened by inclusion of text and practicals concerning provisions and reserves.

Section II on Special Business Accounting deals with each conceivable type of

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business such as Consignment, Joint Venture Accounts, Hire Purchase, Lease and Installment, Purchase System, Branch, Departmental Accounts, Royalty, Contracts Accounts, Insolvency Accounts, Insurance Claims, Voyage Inventory Accounts, Valuation, and Underwriting Accounts. The changes in the recording of accounting transactions concerning Leases made mandatory by the Institute of Chartered Accountants of India (ICAI) have been included. The section also imparts comprehensive knowledge about Government Accounting in chapter 12 and serves to benefit the end-users working in various Departmental and autonomous bodies. The effects of changes in foreign exchange rates on account of issue of AS 11 (Revised 2003) have been incorporated in chapter on Branch Accounts.

The author has defined the Basic Fundamentals of Partnership Accounts and Procedures in section III. Accounting Standard 10, pertaining to Accounting for Fixed Assets and Accounting Standard 26, concerning Intangible Assets, made mandatory by ICAI have been included in this section.

Volume II of the book pertains to the intricate subject of Corporate Accounting. It is divided into three sections:

- (I) Company Accounts;
- (II) Specific Companies Accounts;
- (III) Management Accounting.

Section I deals with the general accounting principles applicable to companies. Topics such as Issue and Redemption of Shares and Debentures have been explained with complete clarity and simplicity of exposition. The provisions relating to Corporate Governance and the transactions for which a company must maintain proper books of accounts has been dealt comprehensively in the topic on Company's Statutory Records. The book incorporates various developments that have taken place in the corporate world such as amendments in the Companies Act 2001 & 2002. The changes in the Administrative Ceilings regarding managerial remuneration on account of amendments in schedule XIII to Companies Act and also the basic features of accounting standards 4, 5, 15, 17, 18 and 29 have been included in the chapter on Company Final Accounts. This section also includes a topic on Financial Reporting for Financial Institutions which explains the principles and policies applicable to the maintenance of accounts by different types of Financial Institutions.

Section II of the book explains the preparation of Final Accounts relating to a certain specific types of companies such as Banking and Insurance. The important provisions relating to classification of advances has been incorporated in the chapter on Banking Companies. The topic on holding companies includes the implication of the basic features of AS 21 that deals with consolidated financial statements. The formats of financial statements introduced by Insurance Regulatory and Development Authority have also been included.

Section III deals with a growing and challenging branch of accounting-Management Accounting. In this section besides Fund Flow Statements and Cash Flow Statements, popular topics such as Financial Statements Analysis, Inflation Accounting, Human Resource Accounting and Social Cost Benefit Analysis have been included. The concepts of Value Added Statements, Economic Value Added Statements, Environmental Accounting and Brand Accounting have been thoroughly discussed in the chapter on Recent Developments in Accounting.

The book has accomplished well its due sense of appreciation apart from lot of fine tuning which was called for under the changed scenario. The accounting concepts have been logically presented in classified framework and presentation has been exhaustive and illustrative. The book encompasses the changes required by academic and professional examinations.

The language is simple and topics well synchronized. At the end of each chapter, objective type, essay type questions, practical questions with short answers have been given for recapitulation and better grasp of the subject. The contents have been simplified and particular care has been taken to explain complex and intricate points. Appendix I of vol I contains the Guidance Note issued by Accounting Standards Board (ASB), ICAI with a view to clarify the important terms commonly used in preparation and presentation of 'General Purpose Financial Statement'. Appendix I to V of Vol II encompass tables pertaining to calculations relating to present value of Rupee, Sinking fund table and compound Value of Annuity. Appendix VI of Vol II deals with Schedule XIV to the companies Act and Appendix VII deals with the present position of the Accounting Standards in India. With all the changes and adoptions, the book is indispensable for the students.