



Authors:
S.N. Maheshwari,
Suneel K. Maheshwari,
Sharad K. Maheshwari

Publisher:
Vikas Publishing House
Pvt. Ltd.

Edition
Eleventh Edition
2013

Price :
Rs. 595/-

Reviewed By:
Ms. Ruchi Gupta,
Assistant Professor, DIAS

AN INTRODUCTION TO ACCOUNTANCY

The advancements in the economic and regulatory landscape besides evolution of world as a global hub have given rise to multifarious transactions. The complexity of these transactions has unearthed glitches relating to subjectivity and inconsistency in the application of traditional accounting techniques. The ensuing loopholes are exploited by connoisseurs leading to manipulation and accounting scandals, thus, necessitating the enhancement of competencies of business professionals to safeguard their maneuvers. Extensive knowledge of global developments, internationally recognized business practices and accounting standards is the need of the hour to satiate the demand of the ever-changing marketplace.

The book under review, *An Introduction to Accountancy* proves to be an important milestone that provides readers, including students and accounting professionals with rudimentary tools essential to cognize and apply different accounting policies in pertinent situations. The authors have catered to the need of keeping oneself abreast by incorporating the latest updates in related legal and regulatory framework at the relevant places.

The book has been divided into FIVE sections which cover different sections of accounting. Section – I, “Accounting Principles and Processes”, entails the elucidation of accounting cycle along with some related concepts like depreciation and bank reconciliation statement.

The barebones of accounting including meaning and objectives, branches of accounting and its relationship with other disciplines have been deliberated upon meticulously in the first chapter, *Meaning and Scope of Accounting*.

The accounting concepts and conventions along with the latest developments in the accounting and legal domains viz. current status of IFRS, the roadmap for its convergence in India and the notification of 35 Ind AS by the Ministry of Corporate Affairs are covered comprehensively in the second chapter, *Accounting Principles*. It also encapsulates an abridgment of all the Accounting Standards presently in practice.

Realizing the imperative need of the knowledge of the accounting jargon for the end users of accounting information, the authors have consciously dedicated a separate chapter, *Basic Accounting Terms*, to enable the readers to understand the language of business.

Usually, a discrepancy between account balances arises because of timing differences between data entry in the bank's pass book and in the firm's cash book. Bank reconciliation statement facilitates the identification of causes of these differences and reconciliation thereof, together with verification that both, the records of the company and the records of the financial institution, are in

agreement. The readers can learn and practice the preparation of bank reconciliation statement with the help of numerous illustrations in the text and practical problems included at the end of chapter 8: *Bank Reconciliation Statement*.

The rate of obsolescence of products as well as assets is snowballing at an alarming rate, thanks to the rapid progressions in technology. Also, constant usage causes wear and tear, consequently, diminishing the service potential of capital assets invested in the business venture, making it indispensable to allocate the cost of the asset over its useful life. The methods of depreciation have been detailed upon in chapter thirteen, *Depreciation Provisions and Reserves*, along with the provisions of AS-6 (Revised): *Depreciation Accounting* as issued by ICAI.

Although, double entry system is used by companies to record the financial transactions, still in the interest of simplicity and cost effectiveness, various small, proprietary or partnership concerns make use of single entry system recording only the “bare-essentials”, usually the personal accounts and cash book. The authors have covered this system of accounting in Chapter – 14 so as to aid the readers in preparation of final accounts from incomplete records.

The demand for merchandises and services is intensifying with the spiraling spending power of the public, consequently, impelling companies to change the way they operate. It is becoming very challenging to establish a direct link with the ultimate consumers to cater to the needs of the clientele, both existing and potential. The cognitive process of the management aspires to optimize the prevailing edifice at minimum marginal cost and securing growth opportunities with returns over the imminent span and at low risk. The organizations can set up their outlets at different locations, enter into joint ventures with other companies or choose consignment agreements for selling their products in national and international markets. The book lucidly deals with the aforesaid in Section II – “*Special Accounting Problems*”.

Starting a business is still easier than nurturing and making it grow. Opening up branch offices in diverse parts of the native republic as well as other countries helps a company expand its operations. Branches can be independent as well as dependent. The book, in the chapter: *Branch Accounts* explicates all the four methods of preparing accounts under dependent branches along with the accounting treatment in case of home branch and foreign branch with the help of numerous solved illustrations. The era of virtual merchants is gaining prominence, thus leading to an increasing number of companies retailing robustly in cyberspace or operating without brick and mortar. Selling on consignment is also a good option for such businesses. The authors have discussed the