

VOL

1

# ADVANCED ACCOUNTANCY

(FINANCIAL ACCOUNTING)

• M. P. GUPTA • B. M. AGRAWAL



Sultan Chand & Sons

**Advanced Accountancy**  
**Vol-I**  
(Financial Accountancy)



# ADVANCED ACCOUNTANCY

## VOL-I

### Financial Accountancy

[For B.Com, BBA, MBA, CA, CS, CMA and others offering  
Financial Accounting in their exams]

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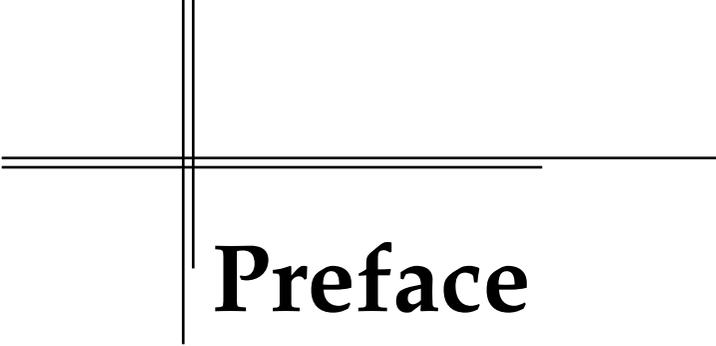
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**Author's Acknowledgement :** The writing of a Textbook always involves creation of a huge debt towards innumerable author's and publications. We owe our gratitude to all of them. We acknowledge our indebtedness in extensive footnotes throughout the book. If, for any reason, any acknowledgement has been left out we beg to be excused. We assure to carry out correction in the subsequent edition, as and when it is known.



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# Preface

It gives us great pleasure to present our new book 'Advanced Accountancy (Volume-I) (Financial Accounting)'.

The present book aims to meet in full measure the requirement of students preparing for various commerce courses opting Financial Accounting in Indian Universities and professional courses. The latest syllabus of various professional courses like CA, CMA, CS, BBA, MBA, etc. is covered in the book. Syllabus of B.Com., M.Com. of various Indian Universities (Unified and CBCS) have been taken into consideration.

The objective of the textbook is basic treatment of main principles of Financial Accounting. The standard set for the book is complete clarity for beginners and such simplicity of exposition to make the text practically the best one.

It is with this purpose that a maximum range of examples and illustrations (about 900) form the part of the textbook. The book covers almost all topics of Financial Accounting. It runs in 38 chapters (spreading over about 1700 pages) and stands as an Unique and most comprehensive treatise of various aspects of Financial Accounting.

Chapters of the book may be broadly grouped in following heads:

- (i) *Basic Subject of Accounting* is discussed in Chapter 1 to 10. Main are on Theoretical Framework, Rules of Accounting, Journal, Ledger, Subsidiary Books, Cash Book, etc.
- (ii) *Determination of Operating Income* which covers (Chapter 11 to 15) – Depreciation, Inventory Valuation, Final Accounts of Sole Proprietor, Consignment, Joint Venture, etc.
- (iii) *Finalisation of Accounts* (Chapter 16 to 25) which includes Financial Statement of Non-trading Organisation, Self-balancing and Sectional Balancing, Insolvency Accounts, Royalty Accounts, Hire Purchase, Branch and Departmental Accounts, Agriculture Accounting, Voyage Accounts, etc.
- (iv) *Special Transactions of Accounting* (Chapter 26 to 33) covering Insurance Claims, Packaging and Containers, Lease Accounting, Inflation Accounting, Single Entry System, Contract Accounts; etc.
- (v) *Partnership Accounts* (Chapter 34 to 38) deals with various aspects of partnership like, Admission and Retirement of Partner, Dissolution, Amalgamation, Absorption and Sale to a Company.

Certain main features of the book may be narrated:

- (1) Most comprehensive coverage of subject matter. Almost all topics of Financial Accounting are dealt with.
- (2) Most authentic and elaborate presentation of the subject matter in a simple and lucid style with a very large number of examples and illustrations (about 900).
- (3) At the beginning of each chapter, Outline of Chapter is given. Important Aspects of the Chapters are given at the end of each chapter.
- (4) In each chapter Objective and Multiple Choice Questions are given in large number.
- (5) The book also contains GST Accounting as Appendix of Chapter 2.
- (6) At the end of each chapter, Assignments containing theoretical and numerical questions are also given for practice and revision.
- (7) The book covers latest changes and amendments in the law. It is based on Accounting Standards (AS) and Indian Accounting Standard (Ind. AS).

Thus, it is a complete textbook and the students will find it as the best book for practice and comprehension of the subject.

We are grateful to the management of our publishers, Sultan Chand & Sons, New Delhi. We are thankful to Shri Pratap Chand Vaish and Shri GD Chaudhary of the organisation. We are obliged to our beloved Student Mr. Palivela Naga Sreekanth, New MIG, Phase – 2, BHEL, Hyderabad for his support and good wishes. We are also thankful to Editorial and EDP Staff of Sultan Chand & Sons for their cooperation.

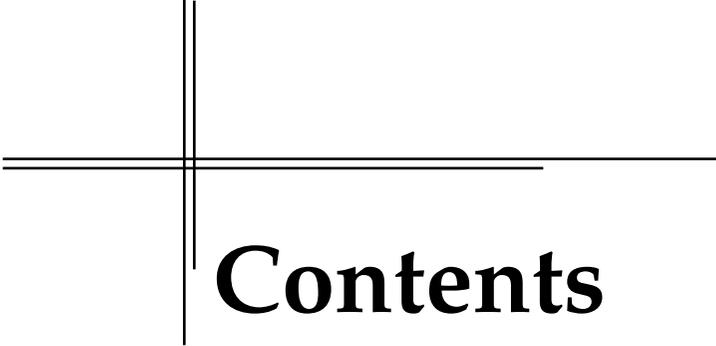
We invite suggestions and criticisms for improvement of the book by learned readers.

Dr. M.P. Gupta  
Dr. B.M. Agarwal

# Snapshot of the Book

S. No.	Chapter	Pages	Illustration	Examples	Important Aspects	Objective Questions		Assignments		Fill in the Blanks	Page No.
						T/F	MCQ	The.	Num.		
1.	Theoretical Framework – Accounting Theory and Philosophy	32	3		29	27	17	11		10	1.1 - 1.32
2.	Rules of Accounting and the Journal	64	33	1	36	19	36	8	10	15	2.1 - 2.64
3.	Ledger	36	11		22	5	12		10	8	3.1 - 3.36
4.	Cash Book	30	16		25	9	11	3	6	2	4.1 - 4.30
5.	Subsidiary Books	24	8		15	7	31		6		5.1 - 5.24
6.	Trial Balance and Rectification of Errors	58	32		14	27	29	7	20		6.1 - 6.58
7.	Capital and Revenue (Expenditure and Receipts)	14	10		8		17	5	3		7.1 - 7.14
8.	Accounting for Bills of Exchange	62	32	9	33	5	45	10	3		8.1 - 8.62
9.	Bank Reconciliation Statement	36	30		13	3	12	3	5	4	9.1 - 9.36
10.	Average Due Date and Account Current	34	31		11	12		7	11		10.1 - 10.34
11.	Depreciation Accounting	56	31		7	10	13	8	16		11.1 - 11.56
12.	Inventory Valuation	30	23		11	5	17	5	9		12.1 - 12.30
13.	Final Accounts for Sole Proprietors	96	34	12	46	15	31	9	16		13.1 - 13.96
14.	Accounting for Consignment	58	33		27	24	18	3	10		14.1 - 14.58
15.	Accounting for Joint Venture	60	32		10	13	18	5	13		15.1 - 15.60

16.	Financial Statements of Non-Trading Organisations	76	31	6	7	10	10	2	15		16.1 - 16.76
17.	Self-Balancing and Sectional Balancing System	58	31		8	16		3	13		17.1 - 17.58
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19.	Insolvency Accounts of Non-Corporate Entities	62	29		13	15	19	7	15		19.1 - 19.62
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29.	Lease Accounting	30	9		11	13	5	6	4		29.1 - 29.30
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31.	Single Entry System (Accounts from Incomplete Records)	60	25	2	7	4	5	5	12		31.1 - 31.60
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33.	Miscellaneous Accounts	6	2								33.1 - 33.6
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	Total	1,728	838	70	503	353	472	196	386	60	



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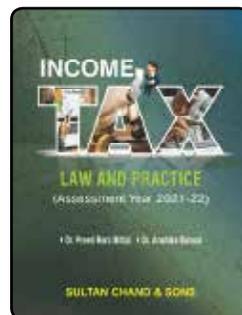
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# Income Tax: Law and Practice (Assessment Year 2021-22)

Dr. Preeti Rani Mittal • Dr. Anshika Bansal

## About the Book

The 3rd Edition of Income Tax Law and Practice provides an overview of core concepts of Income Tax Law and Practice. The book is primarily intended for B.Com., B.Com. (Hons.), BBA, BCA, M.Com., MBA and CA (Intermediate) student. The book has been written to cater the needs of students appearing in such examination. We trust the book would meet the requirements of both teachers as well as students.



## Salient Features

- All chapters thoroughly revised as per the Finance Act 2020.
- New topics has been inserted such as Alternative Tax Rates Slab for Individuals and HUF, Deemed Resident, Faceless Assessment, Taxability of dividend, Deduction in Respect of certain Inter-corporate Dividends and Certificate for Deduction at Lower Rate etc.
- Each chapter begins with an exordium, which aims to provide students with a preliminary understanding of that chapter.
- Each chapter contains complete explanation of the topic with suitable examples followed by graded illustrations and questions for practice.
- Develop familiarity with the analytical techniques helpful in computing tax liability of assessee.
- Effective tax planning and management.

## Contents

- Salient Features of Finance Act, 2021
- Introduction and Basic Concepts
- Residential Status
- Incomes Exempt from Tax
- Income from "Salaries"
- Income from House Property
- Profit and Gains of Business or Profession
- Determination of Income on Presumptive Basis
- Depreciation
- Capital Gains
- Income from Other Sources
- Income of Other Persons included in Assessee's Total Income (Clubbing of Income)
- Set-Off and Carry Forward of Losses
- Deductions to be Made in Computing Total Income
- Assessment of Agricultural Income
- Computation of Total Income and Tax Liability of Individual's
- Assessment of Hindu Undivided Family
- Assessment of Firm's including LLP
- Rebate and Relief of Tax
- Return of Income and E-Filing Procedure
- Tax Deducted at Source and E-TDS Return
- Assessment Procedure
- Leading Cases of Supreme Court

Edition: 3rd, 2021; Pages: xxiv + 800; Size: 185 × 240 mm; ISBN: 978-81-954071-0-2 (TC 007)

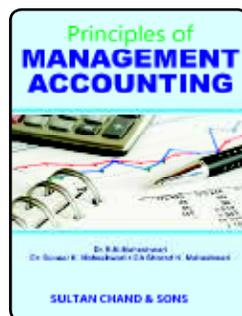
# Principles of Management Accounting

Dr. S.N. Maheshwari • Dr Suneel K. Maheshwari • CA Sharad K. Maheshwari

## About the Book

The book provides a comprehensive coverage of the course-content requirements of the students appearing the paper 'Management Accounting' at the B.Com., M.Com., BBA and MBA Examinations of different Indian Universities. The book has been divided into THREE Convenient Sections. Each Section covers a different aspect of 'Management Accounting' with the subject divided into chapters covering different topics in a systematic and concise manner.

The unique features of this book lie in its simplicity of style and systematic presentation of theory and graded practical illustrations which have made it user friendly mainly the students. The other main strengths of this book are: exhaustive text, plentiful illustrative examples and end-of-the-chapter exercises with answers.



## Salient Features

- Updated position regarding, IFRSs and steps for their convergence in India.
- Certain new concepts viz., Target Costing, Kaizen Costing and Balanced Scorecard have been incorporated in Chapter 3 (Section A) and Appendix 1 of the book.
- Schedule III regarding presentation of financial statements as per the Companies Act, 2013 has been incorporated as an Appendix 5 to the book.

## Contents

### Section A: Fundamentals

- Management Accounting: Nature and Scope
- Financial Accounting Principles
- Basic Cost Concepts
- Activity Based Costing

### Section B: Financial Analysis

- Financial Statements: Analysis and Interpretation
- Ratio Analysis
- Funds Flow Analysis
- Cash Flow Analysis

### Section C: Planning & Control

- Budgetary Control
- Standard Costing
- Variance Analysis
- Marginal Costing and Profit Planning

- Decisions Involving Alternative Choices
- Pricing Decisions & Divisional Performance
- Basics of Capital Budgeting
- Risk Analysis in Capital Budgeting
- Management Reporting

### Section D: Appendices

- Appendix 1: Balanced Scorecard
- Appendix 2: Present Value of ₹ 1
- Appendix 3: Present Value of ₹ 1 Received annually for N Years
- Appendix 4: Compound Value of ₹ 1
- Appendix 5: Presentation of Financial Statements

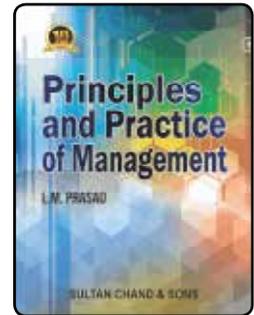
### University Question Papers

# Principles and Practice of Management

Dr. L.M. Prasad

## About the Book

The book in the present edition has been thoroughly revised and restructured. All the chapters have been re-written not only to incorporate new developments in Principles and Practice of Management but also to make the subject-matter more lucid and crisp. Thus, the present edition is vastly improved both in terms of contents and presentation.



## Salient Features

- Comprehensive coverage of Subject-matter with latest developments.
- Authentic presentation of the subject matter with suitable Figures, Tables and Exhibits
- Proper blend of theory and practice.
- An opening case study so that the concerned concepts can be related to practices easily.
- Multiple choice questions, short answer questions, and discussion/application questions at the end of each chapter to test the assimilation of subject-matter concerned.
- Awareness Developer at the end of each chapter to enable the reader to assess her/his behavioral pattern.
- Case study at the end of each chapter for class-room discussion to sharpen diagnostic and analytical skills of the readers.
- Guidelines for learning through cases at the end of the book to enable the readers to make full use of learning through cases.
- Glossary at the end of the book for bird's eye-view.

## Contents

### Part I – Conceptual Framework of Management

- Introduction to Management
- Development of Management Thought
- Management Challenges and Opportunities
- Social Responsibility and Ethics

### Part II – Planning

- Fundamentals of Planning
- Organizational Plans
- Decision Making

### Part III – Organizing

- Fundamentals of Organizing
- Power and Authority
- Conflict and Coordination
- Organizational Change

### Part IV – Staffing

- Fundamentals of Staffing

- Employee Development and Performance Appraisal

### Part V – Directing

- Fundamentals of Staffing
- Motivation
- Leadership
- Communication

### Part VI – Controlling

- Fundamentals of Controlling
- Control Techniques

### Part VII – Management Practices

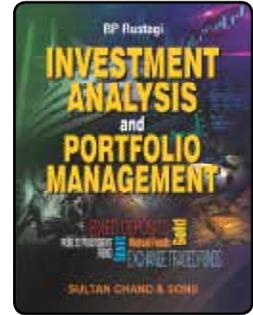
- Management Practices of Prominent Countries and Business Leaders
- Appendices
- Glossary
- Subject Index

# Investment Analysis & Portfolio Management

Dr. R.P. Rustagi

## About the Book

Investment Analysis and Portfolio Management has been prepared to meet the requirements of students taking M.Com., MBA, CFA, PGDBM and other courses in Finance. The scope of investment decision making is widening as new concepts and financial products are appearing on the horizon. The book attempts to comprehend the developments taking place in the area of investment analysis. It aims to present the intricate and complex tools and techniques of investment management in a simplified way. Numerical examples and illustrations have been used extensively to explain the application of different concepts. The book is equally useful for the investment researchers, investment practitioners and all types of investors.



## Salient Features

- Comprehensive and systematic coverage and analytical presentation of the subject matter.
- Reader-friendly and frequent references to Indian environment to enhance the understanding of the subject.
- Detailed exposition of Stock Exchange operations and latest developments and emerging trends in Indian capital market given in a capsulated form.
- Frequent references to SEBI Guidelines, Rules and Regulations.
- 'Chapter Theme' and 'Chapter Plan' given in the beginning of each chapter to present the bird's eye view of the contents of the chapter.
- More than 90 examples, nearly 350 solved illustrations, more than 280 assignments and around 150 problems given at the appropriate places.

## Contents

### Part I: Investment Environment

- Understanding Investment
- Financial Markets, Participants and Instruments.

### Part II: Indian Capital Market

- Securities Market in India: Structure and Trading
- Mutual Funds.

### Part III: Fixed Interest Securities

- Bond Fundamentals
- Bond Valuation and Management.

### Part IV: Equity Shares : Analysis and Valuation

- Fundamental Analysis : E-I-C Approach
- Technical Analysis and Market Efficiency
- Valuation of Equity Shares

### Part V: Risk-Return Relationship and Portfolio Management

- Risk-Return Analysis in Investment
- Portfolio Theory : Portfolio Selection and Management
- Capital Assets Pricing Model, Arbitrage Pricing Theory and Portfolio Evaluation

### Part VI: Derivatives and Risk Management

- Financial Derivatives : Forwards and Futures
- Options : Strategies and Valuation
- Swaps and Credit Derivatives

### Part VII: Changing Structure of Indian Capital Market

- Indian Capital Market : Emerging Trends
- Investors' Protection, Unfair Trade Practices and Insider Trading

### Part VIII: Miscellaneous Topics

- Structured Debt, Securitization and Assets – Backed Securities.
- Investment in Real Assets

### Appendices

- Glossary
- Bibliography
- Compounded Value Tables, Present Value Tables and, Standard Area Table

Edition: 5th, 2022, Pages: xl + 880; Size: 185 × 240 mm; ISBN: 978-93-5161-186-8 (TC 1116)

## About the Book

The objective of the textbook is basic treatment of main principles of Financial Accounting. The standard set for the book is complete clarity for beginners and such simplicity of exposition to make the text practically the best one. The present book aims to meet in full measure the requirement of students preparing for various commerce courses opting Financial Accounting in Indian Universities and Professional Courses. The latest syllabus of various professional courses like CA, CMA, CS, BBA, MBA, etc. is covered in the book. Syllabus of B.Com., M.Com. of various Indian Universities (Unified and CBCS) have been taken into consideration.

Thirty-Eight Chapters may be broadly grouped in following heads:

- (i) **Basic Subject of Accounting** is discussed in Chapter 1 to 10. Main are on Theoretical framework, Rules of Accounting, Journal, Ledger, Subsidiary Books, Cash Book, etc.
- (ii) **Determination of Operating Income** which covers (Chapter 11 to 15) – Depreciation, Inventory Valuation, Final Accounts of Sole Proprietor, Consignment, Joint Venture, etc.
- (iii) **Finalisation of Accounts** (Chapter 16 to 25) which includes Financial Statement of Non-trading Organisation, Self-balancing and Sectional Balancing, Insolvency Accounts, Royalty Accounts, Hire Purchase, Branch and Departmental Accounts, Agriculture Accounting, Voyage Accounts, etc.
- (iv) **Special Transactions of Accounting** (Chapter 26 to 33) covering Insurance Claims, Packaging and Containers, Lease Accounting, Inflation Accounting, Single Entry System, Contract Accounts; etc.
- (v) **Partnership Accounts** (Chapter 34 to 38) deals with various aspects of partnership like, Admission and Retirement of Partner, Dissolution, Absorption and Sale to a Company.

## Salient Features

- Comprehensive coverage of all topics of Financial Accounting dealt within 38 Chapters.
  - Most authentic and elaborate presentation of the subject matter in a simple and lucid style with a very large number of examples and illustrations (about 900).
  - At the beginning of each chapter, Outline of Chapter is given. Important Aspects of the Chapters are given at the end of each chapter.
  - In each chapter Objective and Multiple Choice Questions are given in large number.
  - The book also contains GST Accounting as Appendix of Chapter 2.
  - At the end of each chapter, Assignments containing nearly 200 theoretical and 400 numerical questions are also given for practice and revision.
  - Most comprehensive and detailed treatise of Financial Accounting covering more than 1,700 pages..
  - The book covers latest changes and amendments in the law. It is based on Accounting Standards (AS) and Indian Accounting Standard (Ind. AS).

## About the Authors

**Dr. M.P. Gupta** is retired Director of Jagaran College, Kanpur. He has been Former Head, Deptt. of Commerce. VSSD College, Kanpur and Ex. Dean Faculty of Commerce CSJM, Kanpur University. He has been visiting faculty member at the Northern India Regional Council of The Institute of Chartered Accountants of India and at Kanpur Chapter of the Institute of Company Secretaries of India. He has experience of guiding students of B.Com./M.Com. and Professional Course of C.A., C.S. and CMA for more than 50 years.

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