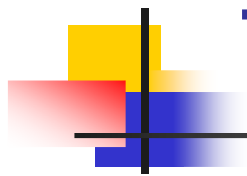




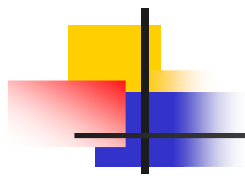
Books

- Financial Accounting: Hanif, Mukherjee
- Financial Management: Kar, Bagchi



Terms to be used

- Income, Expense
- Debit, Credit
- Personal Accounts
- Real Accounts
- Nominal Accounts
- GAAP, IFRS
- Asset
- Liability
- Capital
- Double Entry System
- Bills Receivable, Bills Payable
- Debtor, Creditor
- Time value of money, NPV, BCR, NBCR



Debit & Credit: example

- Owner pays money to business in cash:
 - Cash Account Debit, Capital Account Credit
- Rent paid through bank:
 - Rent Account Debit, Bank Account Credit
- Purchase furniture in cash:
 - Furniture Account Debit, Cash Account Credit
- Goods sold to ABC Corp on credit:
 - ABC Corp Account Debit, Sales Account Credit
- Goods sold to PQR Corp through bank payment:
 - Bank Account Debit, Sales Account Credit



Accounting equation: example

ABC Traders has the following assets and liabilities as on 31st March, 2014. Ascertain the capital. Cash Rs. 25000/-; Bank Rs. 47500/-; Debtors Rs. 18000/-; Creditors Rs. 22000/-; Machinery Rs. 80000/-; Plant Rs. 200000/-; Furniture Rs. 24000/-; Bills Receivable Rs. 56500/-; Bills Payable Rs. 23500/-.



Accounting equation: example

| ABC Traders Data: | | | |
|-------------------|---------------|---------------|--------------|
| Assets: | Rs. | Liabilities: | Rs. |
| Cash | 25000 | Creditors | 22000 |
| Bank | 47500 | Bills payable | 23500 |
| Debtors | 18000 | | |
| Machinery | 80000 | | |
| Plant | 200000 | | |
| Furniture | 24000 | | |
| Bills receivable | 56500 | | |
| Total: | 451000 | Total: | 45500 |

$A = L + C$, $C = A - L$; Capital = $(451000 - 45500) = \text{Rs. } 405500/-$