

Financial Accounting- A Managerial Perspective

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Reviewed by

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The book has given clear focus on the basic ideas and concepts of the financial accounting. Each and every concept has defined with proper and suitable examples. The authors of the book have included real life business cases of accounting. These cases give attention of the students towards the understanding of accounting.

Somewhere the book is useful to the students of professional courses like CA, CS, CWA and CFA too because the authors have included the current topics and happenings in the financial accounting area. This book is also helpful to the non commerce students who have no knowledge of accounting.

First chapter of the book includes basics of financial accounting, introduction about the management accounting and cost accounting. Functions of accounting, ethical issues and corporate governance. This topic basically covers the accounting terminology & is useful to the students to understand what financial accounting is, where it is used and what are the effects of accounting in any organization.

Second chapter of the book talks about the conventions, accounting policies, GAAP, IFRS, Indian accounting standards, actual use of IFRS in Indian accounting, IGAS and its effect on the Indian accounting system.

Third & Fourth Chapters includes basics of balance sheet, capital and revenue expenditure and receipts. All the items of balance sheet are explained properly so that the students should understand the balance sheet and what actually it contains. Brief idea about the income statements and its preparation is also explained in a simple language.

Fifth chapter deals with the basics or mechanics of the accounting which includes classification or types of accounts, double entry system, Subsidiary books and preparation of journal. The mechanics of accounting are explained in a systematic way so that it becomes very simple to understand the concepts and rules of financial accounting.

Sixth chapter deals with depreciation accounting of fixed assets where the authors have clarified the concept of depreciation as much as possible along with simple theory of depreciation & many problems are solved.

Seventh chapter includes inventory valuation and different forms of inventories. The authors have distinguished periodic and perpetual inventory in easiest way. Further different methods of valuation of inventories like LIFO, FIFO, Simple and Weighted Average Methods are explained with maximum solved examples.

Eighth Chapter deals with Corporate Accounts and in which authors have included in depth theory forms of organizations, types of share capital, debentures, accounting issues of shares, accounting for buyback of shares, difference in debentures and bonds & how they differ, nuances of balance sheet, and also have included contents of company's annual reports & how these are presented.

Ninth Chapter includes cash flow statement and its importance, classification of inflows & outflows into operating, investing and financing activities, understanding free cash flows, how to analyse cash flow statements, preparation of comparative balance sheet and income statements. Authors have included latest examples and business case studies on cash flow statement like Apollo Tyres Ltd, TATA NANO. The authors have further included a research assignment of ONGC which helps students to find out actual results and analyse the case on their own.

Tenth Chapter Financial Statement Analysis is portrayed very beautifully and systematically so that the students would get complete knowledge of it and can solve problems. Authors have made it simple to understand what basically financial statement analysis is and what are the techniques of financial statement analysis. Further authors have been given emphasis to types of financial statement analysis, what are the ratios to be calculated and, how to analyse the ratios to conclude the answer. The most important part of this chapter is that authors have developed working capital operating cycle. Authors have given importance to the solutions and its interpretation of the live cases and problems in this chapter.

Eleventh Chapter talks more about the investment scenario of the business, what are the financial instruments and assets and liabilities of the business. Further it includes Joint Ventures, Subsidiaries and Associates. What are the consolidated financial statements and how these can be prepared. The authors have included problems and solutions on investments with simple and suitable examples.

The last chapter of the book has been written on contemporary issues in accounting which portray the picture of foreign currency accounting, creative accounting, forensic accounting, environmental accounting, lean accounting, Human resource accounting, what are the objectives of human resource accounting, present scenario of HRA in India, Inflation accounting, responsibility accounting, transfer pricing etc. These are the new emerging accounting issues and which the authors have elaborated in simple language with specific examples.

Concluding with the review I would like to quote here is that this book is really beneficial to the students who want to learn financial accounting in depth. More precisely if we talk about the accounting it includes only theory and problems but authors have included most of the current ,live cases and research assignments in the book definitely this will help the students to understand concept properly.