Tilak Maharashtra Vidyapeeth, Pune
Department of Distance Education

FINANCIAL ACCOUNTING
AND
COST ACCOUNTING

Bachelor of Computer Applications
(B.C.A.)

First Year                First Semester
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PREFACE

Friends, it is indeed with great pleasure that we are placing the material for B.C. A. in your hands.

It is well known that Tilak Maharashtra Vidyapeeth was established in 1921 with the aim of imparting national education. The Vidyapeeth was known at the national and international level for its contribution to the fields of Sanskrit and Ayurveda. After Independence, sensing the need of time a variety of courses were introduced. The Vidyapeeth has done remarkable work in the field of Social Sciences and Distance Education. After receiving the status of a ‘Deemed University’ in 1987, its horizon is further widening.

The concept of national education propounded by Lokmanya Tilak implies that type of education which would enable a student to make contribution to the development of our nation. With the inspiration of Hon. Vice – Chancellor Dr. Deepak Tilak, the program of B.C.A. was launched in the year 2001. It aims at providing education in computer applications to a cross-section of our society and enable them to participate more efficiently in the process of national development.

The B.C.A. programme has been designed particularly to introduce basics in the first semester. This will enable students to cope with little-advanced topics in the following semester. A couple of management subjects have also been included in the curriculum to equip them with managerial abilities. Special efforts are taken on grooming the students in soft skills, with the purpose of nurturing them to emerge as a valuable asset in the professional world.

We take this opportunity to express our gratitude towards Hon. Vice - Chancellor, Dr. Deepak Tilak and Registrar, Dr. Umesh Keskar for all the guidance and support that is always provided to us. We are sure that with their encouragement we will be able to reach many more milestones in the future.

We are thankful to Mr. Ashwinikumar Bhatkhande and Mr. Mendjogi Anil for their co-operation in SIM Preparation.

We wish all the best to you for your educational career.

Head,
Department of Distance Education
How to use the Study Material

- The outline given at the beginning of a chapter highlights the main points. So you will come to know what the chapter is about.
- For concentration, constant reading is not beneficial. Considering this, every chapter has been split into subparts.
- Read the sub-parts. If necessary take the help of the meanings of the foreign or difficult words, signs and concepts given at the end.
- The margin provided on each page is for noting down your points. Make proper use of the same.
- After you read one part of a chapters, stop for a while and solve the objective type or short questions given in “Check your progress”. Check your answers with those given at the end of the chapter and correct the wrong answers, if any.
- Before starting the reading of the next chapter, first of all, read your answers to “Check your progress” and make corrections therein. By this you will remember what you have read.
- Study all the chapters in this way.
- The field work given at the end of some chapters is to link your experience and your observations. Before starting the next chapters make a quick revision of what you have studied earlier. For this read the summary of the previous chapters.
- For a total comprehension of the subject, the study of the complete book is essential.
About the Subject

‘Financial Accounting and Cost Accounting’ has attained maturity and a large number of books are available on the subject.

Students of Information Technology have to mainly concentrate on the study of subjects related with computer software and hardware and are not expected to study subjects like accounting in deep. But the accounting software is a basic need of every industry, irrespective of its type. A bachelor of Computer Applications must be familiar with the basics of accounting (financial, cost and management).

In writing study notes on a subject which is so vast and dynamic, it is not easy to decide on the topics to be covered. This book aims at fulfilling the needs of the students, who are preparing for Bachelor of Computer Applications. The book is so planned that it would be useful for those who are, totally new to the concepts of financial cost and management accounting.

We do not claim any originality to the subject matter of the book. We have relied heavily on the pronouncements of professional institutes and the available literature on the subject.

With a view to make this book suitable for beginners, technical terms have been explained in short, but concepts and principles have been introduced at appropriate places and developed gradually in the subsequent chapters.

Students are advised to maintain the sequence in which the chapters have been arranged. The sequence is more or less the same as per syllabus of the Vidyapeeth.

Review Illustrations show the applications of principles and techniques in a variety of situations. Students should try to solve each problem themselves and then check their solution with the suggested solution.

The purpose of the book, therefore, is to make an I.T. student familiar with accounting principles, and not to turn him into a professional financial or cost and management accountant.
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Syllabus

- **Accounting Concepts and Principles**
  a. Introduction
  b. Accounting Concepts

- **Basic Rules of Accounting**
  a. Types of Accounts & Rules of Accounting

- **Journal Entries**
  a. Journal Book Format
  b. How to Pass Entries in Journal Books
  c. Transactions for Journal Entries

- **Bank Reconciliation [for theory only]**
  a. Meaning
  b. Reasons for Getting Difference in Pass Book and Cash Book

- **Final Accounts**
  a. Trial Balance
  b. Trading Account
  c. Profit & Loss A/c
  d. Problems on Final Accounts
  e. Subsidiary Books

- **Need for Cost and Management Accounting**
  a. Introduction to Costing and Some Concepts

- **Elements of Cost and Analysis of Cost**
  a. Various Elements of Costs

- **Cost Sheet**
  a. Cost Sheet Format
  b. Problem on Costsheet
Reference Books

1. Principles of Accounting - J.R. Batlibuoy
2. Advance Accounting and Auditing - Shukla and Grewal
3. Advance Accounting and Auditing - Chakravarti
4. Principles of Cost Accounting - B.K. Bhar
5. Principles of Cost Accounting - Wheldon