

PREFACE TO THE SECOND EDITION.

The First Edition of this work having met with considerable success, an occasion has arisen to issue the Second Edition.

In preparing this new Edition, the Chapters on Partnership Accounts and Company Accounts have been considerably enlarged. An entirely new Chapter on Miscellaneous Accounts, including Reconciliation Statement, Accommodation Bills, Imprest System of Petty Cash, Analytical Petty Cash Book, Departmental Accounts and Single Entry, has been added. Additional Exercises have been set at the end of each Chapter and 40 revisional problems have been added at the end of the work.

In order to add to its usefulness, the book has been thoroughly revised and improved throughout, and it is hoped that this Edition will meet with the same favourable reception as has been accorded to the First Edition.

I must express my sincere thanks to my friends and colleagues Messrs. R. P. Dalal, F. S. A. A. and K. S. Kshirsagar, G. D. A., for the very valuable assistance they have rendered me in the general get up of the work.

JAMSHED R. BATLIBOI.

BOMBAY, 24TH AUGUST 1931.

PREFACE TO THE FIRST EDITION.

This elementary work has been specially written for readers entirely unacquainted with the subject. Naturally, it does not pretend to be exhaustive; but it is believed that a careful perusal will enable the reader to grasp the fundamental principles of the science of Account-keeping without much difficulty.

As a result of twenty-two years of teaching experience I have tried to follow the subject in its most natural lines of study, and have arranged and graded the whole matter in a manner as would facilitate the understanding of the science.

If this little book supplies an incentive to the student of book-keeping towards the study of higher and still more interesting branches of the subject, my main object in writing it will be attained.

I take this opportunity of expressing my best thanks to a band of loyal workers who have helped me considerably in the preparation of this work.

JAMSHED R. BATLIBOI.

Bombay, 10th June 1929.

CONTENTS.

—:0:—

| CHAPTER | | PAGES. |
|---------|--|---------|
| I | Elements of Double-Entry ... | 1—10 |
| ✓I | Rules for Journalising ... | 11—23 |
| ✓II | Ledger Accounts ... | 24—37 |
| IV | Sub-Divisions of Journal ... | 38—50 |
| ✓V | The Cash Book ... | 51—62 |
| ✓VI | Banking Transactions ... | 63—81 |
| VII | Bill Transactions ... | 82—114 |
| VIII | The Journal Proper ... | 115—129 |
| IX | The Trial Balance ... | 130—139 |
| ✓X | The Trading Account ... | 140—155 |
| ✓XI | The Profit & Loss Account ... | 156—178 |
| ✓XII | The Balance Sheet ... | 179—199 |
| XIII | Partnership Accounts ... | 200—242 |
| XIV | Consignment Accounts ... | 243—252 |
| XV | Company Accounts ... | 253—297 |
| XVI | Miscellaneous Accounts ... | 298—319 |
| | Additional Questions and Exercises ... | 320—349 |

INDEX.

| | Pages. | | Pages |
|-----------------------------|---------------|---------------------------|--------------------|
| A. | | C. | |
| Acceptance | 84 | Calls | 256, 257 |
| Acceptor | 84 | " in arrear .. | 263 |
| Accommodation Bills .. | 301 | Capital | 3, 201 |
| Account | 2 | " Account | 34 |
| " Sales | 245 | " Expenditure ... | 141 |
| Adjusting Entries | 120 | " Interest on ... | 165, 201 |
| Analytical Petty Cash | | " Partners' | 201 |
| Book | 300 | " Share | 280 |
| Annual List and Summary | 262 | Carriage Inwards ... | 147 |
| Application & Allotment | | Cash Account | 89-90 |
| Book | 257 | Cash Book | 39, 51-62, 70, 131 |
| Application & Allotment | | " Discount | 53 |
| of Shares | 255 | Cheque | 63, 64 |
| Articles of Association ... | 255 | Closing Entries... .. | 120 |
| Assets | 3 | " Nominal Accounts | 33 |
| " Depreciation of. | 164 | " Personal Accounts | 28 |
| " Fixed | 181 | " Real Accounts... .. | 33 |
| " Floating | 181 | " Stock | 144, 183 |
| " Revaluation of ... | 221 | Company Accounts ... | 253-297 |
| " Valuation of ... | 181 | " and Partnerships | 253 |
| B. | | " Application and | |
| Bad Debts | 161 | Allotment Book | 257 |
| Balance Sheet | 170-199 | " Application and | |
| " of Company | 277-280 | Allotment of Shares | 255 |
| Balancing Cash Book ... | 56 | " Articles of Association | 255 |
| Balancing Personal | | " Calls | 256, 257 |
| Accounts | 28 | " Contingent Liabilities | 290 |
| Balancing Real Accounts. | 33 | " Cumulative Pre- | |
| Bank Reconciliation | 268-300 | ference Shares | 257 |
| Banking Transactions. | 63-81 | " Debentures | 272 |
| Bills of Exchange | 82-114 | " " at Discount | 286 |
| " Acceptance of ... | 84 | " " Premium | 287 |
| " Accommodation ... | 301 | " Deferred Shares. | 257 |
| " Days of Grace ... | 85 | " Dividend | 275 |
| " Discounting | 88 | " " Equali- | |
| " Dishonour of | 86, 91 | sation Fund ... | 289 |
| " Endorsement on... .. | 85 | " Forfeiture of Shares | 287 |
| " Form of | 83 | " Formation of | 254 |
| " Liability on | 85 | " Memorandum of | |
| " Negotiation of ... | 84 | Association ... | 254 |
| " Payable | 88, 95, 132 | " Minute Book | 262 |
| " Presentation for | | " Ordinary Shares. | 256 |
| Payment... .. | 86 | " Preference Shares | 256 |
| " Receivable... .. | 88, 89, 132 | " Preliminary Expenses | 271 |
| " Renewal of | 93 | " Profit & Loss Appro- | |
| " Retiring under Dis- | | priation Account | 275 |
| count | 95 | " Prospectus | 255 |
| " Stamp Duty | 86, 87 | " Register of Members | 262 |
| " Term of | 84 | " " of Mortgages | 262 |
| Book-keeping, Objects of | 1 | " " of Share | |
| Bought Book | 39-42 | Transfers | 259 |
| | | " Reserve Fund ... | 289 |

| | Pages. |
|-------------------------------------|-------------|
| Company Accounts | |
| " Share Capital ... | 280 |
| " " Entries, 262, | 265 |
| " " Certificate | 271 |
| " Shares ... | 256 |
| " Statistical Books | 261 |
| " Statutory Books | 261 |
| Compensating Errors ... | 137 |
| Consignee ... | 243 |
| Consignor ... | 243 |
| Consignment Accounts. | 243-252 |
| " Account Sales... | 245 |
| " Advance against | 244 |
| " Books ... | 244 |
| " Entries ... | 247 |
| " Expenses ... | 244 |
| " Inward ... | 243 |
| " Outward ... | 243 |
| " Pro-Forma Invoice. | 243 |
| " Stock ... | 246 |
| Contingent Liabilities ... | 290 |
| Creditor ... | 2 |
| Cumulative Preference Shares ... | 257 |
| D. | |
| Day Book ... | 43, 46, 131 |
| Days of Grace ... | 85 |
| Debentures ... | 272 |
| " at Discount. | 286 |
| " at Premium | 287 |
| Debtor ... | 2, 183 |
| Deferred Shares ... | 257 |
| Departmental Accounts. | 305 |
| Depreciation ... | 164 |
| Di-count ... | 53-54 |
| Dishonour of Bills ... | 85, 91 |
| Dissolution of Partnership | 227-229 |
| Dividend ... | 275 |
| " Equalisation Fund | 289 |
| Division of Profits & Losses | 204 |
| Double-entry ... | 1, 2, 4, 5 |
| Doubtful Depts ... | 161 |
| Draft ... | 84 |
| Drawee ... | 83 |
| Drawer ... | 83 |
| Drawings ... | 202 |
| " Account ... | 34 |
| " Interest on ... | 166, 202 |
| E. | |
| Endorsement ... | 84, 85 |
| Endorsee ... | 84 |
| Endorser... | 85 |
| Entries, Adjusting ... | 120 |
| " Closing... | 120 |
| " Opening ... | 116 |

| | Page. |
|--------------------------------------|------------|
| Errors, Compensating ... | 137 |
| " disclosed by Trial Balance ... | 187 |
| " not disclosed by Trial Balance. | 136 |
| " of Omission ... | 136 |
| " of Principle ... | 136 |
| " Rectification of. | 117 |
| Expenditure, Capital ... | 141, 142 |
| " Revenue ... | 141-142 |
| Expenses, Outstanding... | 158 |
| " Prepaid ... | 159 |
| F. | |
| Fictitious Accounts ... | 3, 6 |
| " " Closing of | 33 |
| Fixed Assets ... | 181 |
| Floating Assets ... | 181 |
| Forfeiture of Shares ... | 287 |
| Formation of Company. | 254 |
| Form of Balance Sheet... | 182-189 |
| Freight, Duty, etc. ... | 147 |
| G. | |
| General Crossings ... | 64 |
| Goods Account ... | 31 |
| Goodwill ... | 215 |
| " Treatment of... | 215-219 |
| I. | |
| Imprest System ... | 301 |
| Insolvent ... | 3 |
| Interest on Capital ... | 165, 201 |
| " on Drawing ... | 166, 202 |
| Invoice Book ... | 39-42, 130 |
| " Pro-forma ... | 243 |
| Inward Carriage ... | 147 |
| " Consignment ... | 243 |
| " Returns 47,48,131,143,147 | |
| J. | |
| Journal Proper. ... | 115, 132 |
| " Subdivision of... | 38-50 |
| Journalising rules for ... | 11-23 |
| L. | |
| Ledger Accounts ... | 24-37 |
| Liabilities ... | 3 |
| Liability on a Bill ... | 85 |
| Loan by a Partner ... | 204 |
| M. | |
| Memorandum of Associa- tion ... | 254 |
| Minute Book ... | 262 |
| N. | |
| Negotiation of a Bill ... | 84 |
| Nominal Accounts ... | 3, 6 |
| " " Adjustment of | 157 |
| " " Closing of | 33 |

INDEX.

III

| | Pages. |
|---|-----------|
| O. | |
| Objects of Book-keeping. | 1 |
| Opening Entries ... | 116 |
| Ordinary Shares... .. | 256 |
| Outstanding Expenses ... | 158 |
| Outward Consignment ... | 243 |
| " Returns 47,48,131,143,147 | |
| P. | |
| Partnership Accounts. 200-242 | |
| " Admission of | |
| Partner ... | 214 |
| " Agreement ... | 200 |
| " Capital ... | 201 |
| " Conversion to | |
| Ltd. Co. ... | 311 |
| " Deceased Partner | 226 |
| " Dissolution En- | |
| tries... .. | 227-229 |
| " Division of Profits | 204 |
| " Drawings ... | 262 |
| " Goodwill ... | 215-219 |
| " Interest on Capital | 201 |
| " " on Drawings | 202 |
| " Loan by Partner | 204 |
| " Profit & Loss | |
| Adjustment | |
| Account ... | 221 |
| " Realisation Ac- | |
| count ... | 228 |
| " Retirement of | |
| Partner ... | 223 |
| " Re-valuation | |
| of Assets ... | 221 |
| Salaries ... | 203 |
| Payee | 84 |
| Personal Accounts ... | 2, 5 |
| " Balancing of | 28 |
| Petty Cash Book ... | 76, 132 |
| Preference Shares ... | 256 |
| Preliminary Expenses ... | 271 |
| Prepaid Expenses ... | 159 |
| Pro-Forma Invoice ... | 243 |
| Profit & Loss Account. 156-178 | |
| " Adjustment | |
| Account | 221 |
| " Appropriation | |
| Account | 275 |
| Promissory Notes ... | 91 |
| Property Accounts ... | 6 |
| Prospectus ... | 255 |
| Purchases Account | 143 |
| " Book ... | 38, 39-42 |
| " Journal ... | 39-42 |
| " Returns 47,48,131,143,147 | |
| R. | |
| Real Accounts ... | 2, 6 |
| " Closing of | 33 |
| " Realisation Account ... | 228 |
| Record of Bank transactions. | 66 |

| | Pages. |
|---|----------------|
| Rectification of Errors. | 117 |
| Register of Directors and | |
| Managers... | 262 |
| " Members ... | 262 |
| " Mortgages ... | 262 |
| " Shareholders | 262 |
| " Share Transfers | 259 |
| Re-issue of Forfeited Shares | 283 |
| Renewal of Bills... .. | 93 |
| Reserve for Discounts ... | 162 |
| Reserve for Doubtful Debts | 161 |
| Reserve Fund ... | 249 |
| Restrictive Endorsement. | 85 |
| Returns Inwards 47,48,131,143,147 | |
| " Outwards 47,48,131,143,147 | |
| Revaluation of Assets ... | 221 |
| Revenue Expenditure ... | 141 |
| S. | |
| Sales Account | 144 |
| Sales Book... .. | 38, 43,47, 131 |
| Share Capital | 280 |
| Shares | 256 |
| " Application and | |
| Allotment Book. | 257 |
| " at Premium ... | 285 |
| " Call Book ... | 257, 258 |
| " Certificate ... | 271 |
| " Cumulative Pre- | |
| ference... .. | 257 |
| " Deferred ... | 257 |
| " Forfeiture of ... | 287 |
| " Ordinary ... | 256 |
| " Preference ... | 256 |
| " Transfer Register | 259 |
| Single Entry | 317-319 |
| Sold Book | 38, 43,47, 131 |
| Solvent | 3 |
| Special Crossings ... | 65 |
| " Endorsement ... | 85 |
| Stock-in-Trade ... | 144-147, 183 |
| " Valuation of | 146 |
| Statement of Affairs ... | 318-319 |
| Statistical books ... | 261 |
| Statutory Books ... | 261 |
| T. | |
| Term of Bill | 84 |
| Trade Discount | 54 |
| Trading Account. 140,142,143,150 | |
| " Closing Entries for 151 | |
| Trial Balance | 130,139 |
| " Errors Disclosed by | 137 |
| " Errors not Dis- | |
| closed, by ... | 136 |
| " How to prepare | 133 |
| V. | |
| Valuation of Assets ... | 181 |
| " Goodwill ... | 313, 317 |
| " Stock ... | 146 |

BATLIBOI'S

ACCOUNTANCY TRAINING INSTITUTE,

Navsari Building, Fort, Bombay.

Principal and Professor of Accounting and Auditing

JAMSHED R. BATLIBOI, F. S. A. A., (Honours).

Fellow and Honoursman of the Society of Incorporated Accountants and Auditors (London); Sometime Examiner in Advanced Accounting and Auditing to the Bombay and Allahabad Universities for B. Com. and at the Mysore Government Technical Examinations. Author of "Advanced Accounts" etc.

Assisted by a staff of most highly qualified and experienced experts who have specialised in educational work.

ORAL OR POSTAL TUITION.

The Institute has specialised Courses in Banking (C. A. I. B.), English and (C. A. I. I. B.) Indian, Company Management and Secretarial Practice (F. I. S. A.), Accounting (F. C. R. A.), Auditing (G. D. A.) and General Commerce D. Com. (I. M. C.) and (L. C. C.) to suit GRADUATES, MATRICULATES AND NON-MATRICULATES.

The ORAL as well as POSTAL COURSES are constructed on the best educational experience and are compiled from unequalled sources of information and specialised knowledge. No previous knowledge of the subjects of tuition is presumed. The only preliminary qualifications required are ordinary intelligence and the usual education—the Institute does the rest.

BATLIBOI'S ACCOUNTANCY TRAINING INSTITUTE.

The Courses cover the following Subjects:—

Advanced Accounting.
Advanced Auditing.
Banking, Currency and Exchange.
Book-keeping and Accountancy.
Business Organisation.
Commercial Arithmetic.
Commercial Correspondence.
Commercial Geography.
Commercial and Industrial Law.
Company Law and Practice.
Economics.
Factory Organisation and Costing.
Life, Fire and Marine Insurance Work.
Precis Writing, Filing and Indexing.
Secretarial Work and Practice.
Statistics and Statistical Methods.
Theory and Practice of Commerce.

The Courses are Adaptable.

The Courses of Study may include any one subject or a group of subjects as the student may desire. Any Course can be modified or altered to suit the particular need of each individual.

Hours of Attendance.

The Hours of Attendance for all Courses, (other than the G. D. A.) are from 8 to 10 a. m. (S. T.). The G. D. A. classes are held from 6 to 7 p. m. (S. T.)

The above hours do not interfere with your present vocation or employment, and the whole day is thus left at your entire disposal.

Guarantee of Coaching until Successful.

Every student who pays the full fee on enrolment is given a written guarantee that he will be coached until successful without the Institute charging any further fee. .

BATLIBOI'S ACCOUNTANCY TRAINING INSTITUTE.

THE INSTITUTE'S STAFF.

Principal and Professor of Accounting :—

Jamshed R. Batliboi, F.S.A.A. (Honours).
Incorporated Accountant (London).

Vice-Principal and Professor of Accounting :—

R. P. Dalal, F.S.A.A.,
Incorporated Accountant (London).

Professors of Law :—

H. D. Banaji, B.A. (Hons.) LL.B., Advocate. (O.S.)
High Court.

D. R. Kothare, B.A., (Hons.) LL. B., Solicitor.

Professor of Banking and Economics :—

J. S. S. Malelu, B.A., (Hons.), Cert. A. I. B.

Professor of Statistics and Commercial Arithmetic :—

B. D. Birdy, B. Com.

Asst. Professor of Accounting :—

M. P. Mistry, A.S.A.A.
Incorporated Accountant (London).

Extra Tutors :—

P. R. Dalal.

K. S. Kshirsagar, G.D.A.

H. P. Dalal, G.D.A., F.C.R.A.

WORKS BY THE SAME AUTHOR.

ADVANCED ACCOUNTS.

SIXTH EDITION.

The first and the only complete Work on Higher Accounting written by an Indian Expert for Indian Students, Accountants and Businessmen.

The Work embodies a most lucid, practical and concise exposition of all the varied problems in Accounting, from the elementary to the most advanced. The order and method of treatment follow the plan adopted by the author with conspicuous success in lecturing during the past 26 years to large classes of business men and accountancy students. During the whole of this period, being in absolute charge of the senior classes on Advanced Accounting and Auditing, the author has gained an intimate knowledge of the special difficulties and requirements of such students, and he has not unreasonable confidence that the knowledge and experience thus acquired will be valuable to the readers of this work.

An important feature of this work is the method of dealing with each point of difficulty by means of a short illustration.

The Promotion and Accounts of Indian Companies, Indian Income-Tax Accounts, Indian Life Assurance Company Accounts and Indian Bankruptcy Accounts form a special feature of this work.

Can be had from the Author and all book-sellers.

WORKS BY THE SAME AUTHOR.

ADVANCED ACCOUNTS.—6th Edition

Contents.

| | | Pages. |
|-------|---|---------|
| CHAP. | I Theory and Practice of Double-Entry ... | 1—54 |
| do. | II Bills of Exchange, Promissory Notes and Cheques | 55—71 |
| do. | III Consignment Accounts | 72—77 |
| do. | IV Partnership Accounts | 78—166 |
| do. | V Company Accounts | 167—303 |
| do. | VI Amalgamation, Absorption and Reconstruc- tion Accounts | 304—321 |
| do. | VII Double Account System | 322—348 |
| do. | VIII Departmental and Branch Accounts ... | 349—377 |
| do. | IX Bankruptcy Accounts | 378—394 |
| do. | X Tabular and Columnar Book-keeping ... | 395—403 |
| do. | XI Bank Accounts | 404—422 |
| do. | XII Insurance Companies Accounts ... | 423—465 |
| do. | XIII Self-Balancing System | 466—481 |
| do. | XIV Depreciation and Reserves | 482—492 |
| do. | XV Internal Organisation of Accounts for Prevention and Detection of Fraud and Errors | 493—505 |
| do. | XVI Cost Accounts | 506—546 |
| do. | XVII Executorship Accounts | 547—575 |
| do. | XVIII Single Entry System | 576—591 |
| do. | XIX Sale or Return, Hire-Purchase and Royalty Accounts | 592—607 |
| do. | XX Indian Income-Tax Accounts | 608—636 |
| do. | XXI Miscellaneous Accounts—Capital and Revenue—Trading and Mfg. Accounts— Working Accounts—Contract Accounts— Solicitors' Accounts—Investment Ac- counts—Goodwill—Loose-leaf and Card System Etc. | 637—676 |
| do. | XXII Form of Published Accounts | 677—780 |
| do. | XXIII Hints to Examinees | 781—785 |

Examination Papers.

A recognised Standard Work of immense value to every Indian Accountant-Student, Secretary and Businessman.

In Royal 8vo. Cloth, 825 pages, Rs. 12/8.^o

Can be had from the Author and all book-sellers.

LECTURES ON AUDITING.

First Edition.

Being a complete Course of Lectures covering the entire subject in all its aspects, prepared specially for Indian Students studying for the Government Auditor's Diploma or the B. Com. Examination of any Indian University, and written in the Author's most lucid and comprehensive style.

| LECTURE | CONTENTS. | Pages. |
|---------|---|---------|
| I | Audit and Auditors. | 1—17 |
| II | Vouching and Routine Checking... | 18—34 |
| III | From Trial Balance to Balance Sheet | 35—59 |
| IV | Internal Organisation and Control | 60—82 |
| V | First Year's Audit of a Public Company—under the Indian Companies Act, 1913 | 83—96 |
| VI | Verification of Assets & Liabilities in a Company Balance Sheet with special reference to the <i>Proforma</i> Balance Sheet, under the Indian Companies Act, 1913. | 97—118 |
| VII | Reserve, Sinking and other Funds. As referred in the <i>Proforma</i> Balance Sheet, under the Indian Companies Act, 1913 | 119—129 |
| VIII | Some further Points in a Com- pany Audit | 130—140 |
| IX | Profits available for Dividends . . . | 141—163 |
| X | The Duties & Liabilities of Auditors | 164—177 |
| XI | Special Features in Different Classes of Audits | 178—198 |
| XII | Investigation of Accounts | 199—216 |
| | Examination Papers. | 217—245 |

*In Demy 8vo. Cloth, Pages 245, Rs. 8-8.

Can be had from the Author and all book-sellers.

WORKS BY THE SAME AUTHOR.

TYPICAL PROBLEMS IN ADVANCED ACCOUNTING.

SECOND EDITION. (Considerably enlarged and improved.)

An invaluable companion to Advanced Accounts, as almost all the Problems at the end of each Chapter therein are fully solved in this work.

The Work contains full solutions to a graduated course of 459 Practical Questions most carefully selected from the past papers of the Institute of Chartered Accountants, the Society of Incorporated Accountants and Auditors, the Bombay University B. Com., the G. D. A. and other recognised Examining Bodies of repute.

A systematic course of training in the solution of Practical Problems in Accounting is the only method of acquiring a thorough grasp of this vast and fascinating subject. It is sure to prove invaluable to all serious students of Accounting in enabling them to acquire sound practical knowledge of the subject coupled with speed, accuracy, confidence and neatness of work so very essential to ensure success in examination at first attempt.

No serious Student of Accounting can afford to be without this Work.

In Royal 8vo. Cloth, Pages 640 Rs. 12-8.

Can be had from the Author and all book-sellers.

WORKS BY THE SAME AUTHOR.

GUIDE TO
INDIAN INCOME-TAX PRACTICE.

THIRD EDITION



A Practical and Reliable Guide to the preparation of
RETURN OF ASSESSABLE INCOME
containing most useful hints and instructions for obtaining
REFUND OF INCOME-TAX

• FOR

Professional Men

Property-Owners

Commerce Students

Company Managers

Secretaries

Salaried Men

Businessmen.

Investment-Holders.

with an APPENDIX containing

The Income-Tax Act, 1922, as amended from time to time.

An invaluable and indispensable BOOK of REFERENCE

that every Tax-payer should possess

In Demy 8vo. Cloth, 180 pages Rs. 4/8.

Can be had from the Author and all book-sellers.
