RANI CHANNAMMA UNIVERSITY

B.Com – 2nd Semester **Accounting Theory**

UNIT – 3: STRUCTURE OF ACCOUNTING THEORY

Meaning:

The structure of accounting explains the method in which various components are put together. The economic, social, political and business factors influence the structure. All these influences lay down 'A frame of Reference' i.e. the boundaries within which the accounting theory is transacted. It refers to the base or approaches on which the accounting theory is built.

Accounting theory is the product of environment, users, methods and approaches. It is based on a set of elements and relationships. The elements of the accounting structure are nothing but the contents of it.

Elements=*f* (Objectives + Postulates + Concepts + Principles + Standards + Techniques)

It means elements of accounting theory are the function of postulates principles, standards, theories and concepts.

It is an accepted fact that, the elements are based on the methodology used and assumptions.

Elements of Accounting Structure

I) Objectives of Accounting:

The purpose for which accounting is made explains its objectives. The development of accounting objectives is the basic object of accounting theory. There may be general and specific objectives. It means the accounting theory can be effectively implemented only when objectives are defined in definite terms.

General Objectives:

1. To Provide reliable information about economic resources and obligation of business enterprise to the internal and external users in order to-
   - evaluate its strengths and weaknesses.
   - show its financing and investment.
   - evaluate its ability to meet its commitments and
   - to show its resources base for growth.
2. To provide reliable information about changes in net resources resulting from a business enterprise's profit directed activities in order to-
   - show expected dividend return to investors.
   - show the enterprise's ability to pay creditors and suppliers, to provide job for employer, to pay taxes, and to generate funds for expansion.

- provide information to management for planning and control and
- show its long-term profitability.

3. To provide financial information useful for estimating the earning potential of the firm.
4. To provide other needed information about changes in economic resources and obligations of business.
5. To disclose other information relevant to users' needed.

Features of objectives:

The objectives should bear the following qualities.

a) The information provided should be 'relevant'
b) It should be easy to 'understand'.
c) The results of the accounts should be 'verifiable'.
d) They should provide 'neutral' information i.e. given to common needs of users.
e) It should be provided at the right time i.e. 'timeliness'.
f) The results are 'Comparable'.
g) The information should be 'complete' in all respects.

II) ACCOUNTING POSTULATES:

The term postulate means fundamental assumption. These are generally accepted as truths, but not proven. But, the whole scientific thinking is based upon these. They are the basic needs.

Definitions:

The term postulates has been defined by eminent and professional institutions as follows-

The term postulate as defined by **Longman Dictionary** means – *"something believed to be true, but not proven, on which an argument or scientific discussion is based".*

According to **Belkaoui-**

"As self-evident statements or axioms, generally accepted by virtues of their conformity to the objectives of financial statements, that portray the economic, political, sociological and legal environment in which accounting must operate".

The following are the **features** of postulates.

i. The fundamental assumptions,
ii. They are self evident truths,
iii. They are the basic of principles.
iv. They portray all environments i.e. economical, social, legal and political.
v. The usefulness of postulates depends upon the better and proper understanding of the same.

The following are the important postulates of the accounting.

1) Entity Postulate:

The term 'entity' means real existence of things apart from its relations and qualities. The doer of the business and the business itself has got a real separate existence. Therefore, when a transaction takes place it is identified with a specific entity. If it is related to business, then recorded in its books and if not related to business, then it is not recorded.

Accounting Entity and Legal Entity:

There is a difference between these two. Accounting Entity denotes existence for accounting treatment; on the other hand, legal existence is called legal entity. In some cases both are one and the same. For example, Corporations, government agencies, trusts etc. have both accounting and legal entities. In the eyes of law a corporation has got a separate legal entity and as accounts are recorded for it separately it has accounting entity also.

In some cases both are different. For example 'Proprietorship' is an accounting entity but not legal entity. But, 'Proprietor' is a legal entity. Because, the accounting statements include only the asset and liabilities of the business unit. And, the proprietor is legally liable to pay the debts of his business and own debts. Therefore, for accounting, if a proprietor owns number of businesses, each business is a separate entity.

Why Entity?

To achieve the object of accounting- The basic reason for entity postulate is to meet the basic purpose of accounting i.e. to provide the bases for reporting on 'stewardship' i.e. responsibility. The users of funds are accountable to suppliers of fund.

To analyse and report- With the help of entity we can analyse and express the implications of costs and revenues in terms of changes in the financial conditions.

Implications of Entity:

The titles of final accounts appear like-For example, in the books of SBI Capital Market Ltd. Profit & Loss A/c for the period 31-03-2020, Balance Sheet as at 31-03-2020. Here, SBI caps is a separate entity than its owners, or even its parent organisation i.e. 'SBI'.

When owner brings cash to the business, the entry is 'cash A/c Dr to Capital A/c' .i.e. cash becomes capital and shown as liability. Business owes to owners. If the cash is withdrawn from the business, it becomes drawings by reducing cash balance.

The basic formula of accounting is **Assets = owner's equity+ liability.**

Personal expenses and/or incomes of owners' should not be clubbed with the records of business.

Benefits :

The application of entity postulate brings the following benefits to the concerned parties.

1. The real results of the business are better disclosed, because personal transactions are not mixed with business transaction. The assets and liabilities of business are separated from owners and outsiders. The true and fair view is disclosed.

2. Responsibility Accounting – The directors are entrusted with the owner's funds. Whether the funds are properly utilized or not can be ascertained by accounts maintained separately for the business. The directors' activities are accounted and results are disclosed through financial reports.

Drawbacks :

The entity postulate suffers from the following drawbacks.

1. Sole trading concerns : In this case, it is very difficult to draw the difference between the owner and business. Because, the owner and business are one and the same. The personal and business transactions are clubbed together. As the bifurcation is difficult, entity postulate cannot be easily applied.

2. Close Relations: In case there is an inseparable close relationship between the owner and business, the distinction becomes difficult. Such relations can be found in Joint Hindu Families

2) The Going Concern Postulate:

Going concern means, any created business will continue for a long period in future. There is no definite answer to the question as such as to for how many years the business will continue? Or when the business would be closed? In simple words, business entity is created to operate for an indefinite period. But this indefinite time is defined by saying that 'at least sufficient to carry out its commitments' or 'charge the cost of fixed asset against the income.'

The experience states that, no business is created to close. Hence, continuation of business operation is highly probable, as there is uncertainty.

Infosys Ltd. 1983, 1993, 2003, 2013, 2023.
(Started) (Continuing) (Will continue)

Therefore, The International Accounting Standards opine that,

"the enterprise is normally viewed as a going concern, that is as continuing in operation for the foreseeable further".

Accordingly, the business is viewed as a long living entity. It is an ongoing activity. The accounts are closed every year and balances are carried forward to next year in the hope that, there is an opening for every close.

Implications:

The going concern will have the following effects on accounting treatment.

The financial statements are for a particular period and a part of continuous interrelated series of statements. Ex: If balance sheet is prepared as on 31.03.2020, it means, it has been continued from 2018 and leads to 2019….

Assets are valued on historical costs and non liquidation basis. i.e. not on market value basis or forced sale value.

Fixed assets and intangibles are amortized i.e. the original costs are gradually written of over their useful life, i.e. depreciation on assets is charged to profit and loss A/c.

Benefits of Going Concern:

i. It links the present and future transactions of business.
ii. It assists the amortization of fixed assets over a future period.
iii. It makes the business entity to create value.
iv. The expenses divided into capital and revenue expenditure on the basis of going concern.
v. The assets and liabilities are bifurcated as fixed and current.
vi. The balance sheet shows true and fair view of the business.

Drawbacks:

i. Unexpected events: There are a few instances, where in the going concern cannot be applied.
ii. It constructs the structure / balance sheet based on the uncertain future. Hence, the results shown by the accounts are only untrue statements.
iii. It promotes more credit transactions and deferring the payments.

3) Unit of Measurement:

Accounting is the language of business. The language used should be common to all and able to communicate effectively. The business transactions are to be measured in monetary unit. Monetary unit may be Rupee, Dollar, Pound, Yen etc. 'Money' is common means which can measure and express the value of goods, building, raw-material, labour, services and the expressions in Number, Kgs, Liters etc. Money makes heterogeneous facts into homogenous character.

Ex: A company owns 2 tons of raw-material, 2 vans, 20 barrels of petrol, 2 buildings, Rs 20000 cash, 2 cheques etc. All can be expressed in money value i.e. Rs.20000 raw-material (2 tons@10000 per ton)Rs 2,00,000 petrol (20 barrel @ Rs.10, 000 per barrel), Rs 20 lakhs building (Rs 20 lakhs per building), Rs. 20,000 cash and Rs.200 cheque (2 cheques of Rs. 100 each).

Business activities involve exchange of goods and services. The exchange mediator is money. The money is the script for accounting language. But, money cannot value every activity or relation of business. For example, The Manager loves the labours very much. Here, what is the monetary value of love? Such events cannot be recorded in the accounts.

In the words of **Welsch and Anthony –** *"accounting focuses on the measurement and reporting in monetary terms of the flows of resources into and out of an organization of the resources controlled by the organization and of the claims against those resources".*

Implications-

i. The total value of assets and liabilities is expressed in a common denominator. ii. This facilitates comparison among corporate units.

iii. The measurement of business events in money helps in understanding the state of affairs of business.

iv. The change in the value is ascertained by comparing the different statements expressed in monetary values.

Advantages:

i. Easy to express the transactions of the business.
ii. The balance sheet explains the actual value of the assets and liabilities.
iii. The heterogeneous factors are expressed in a homogenous terms. For example, the building, land, cash, bank balances, outstanding live stock etc., are expressed in money terms.
iv. It facilitates comparison between two terms as the financial records are maintained in monetary values.
v. The users can understand the progress by referring to the values. It may be profitability, net worth, net asset value etc.,

Disadvantages:

i. It does not record the non-monetary factors of an organization. For example, trust of employees, promptness, honesty, good or bad relationship between the manager and subordinates etc.,
ii. The balance sheet of the concern does not express the true and fair position, as it fails to record human resources of the organization.
iii. The values expressed are not considering the changes in the money value due to inflation or deflation. Hence, the results are static in nature and true only at the point of time.

iv. The benefit derived by the society cannot the part of accounting reports. They include, improvement in standard of living, social welfare activities, goodwill addition to country etc., all these are invaluable values.

4) Accounting Period Postulate:

Luca Pacioli, the monk who authored first time on Double Entry System of Book Keeping in 1494, states that *"Books should be closed each year, especially in partnership."*

The books of accounts of business are to be maintained for a fixed period of time. The period may be a year commencing from April 1st to March 31 (fiscal year as financial period) and will be an accounting period. It may also be for 6 months' period.

The accountant chooses the most convenient segment of time and they measure the net income for that period of time. The time interval chosen is called accounting period. The statements prepared for this period indicate the result of that period only.

According to **E.L. Kohler –** Accounting period may be defined as "as the period of time for which an operation statement is customarily prepared".

Accounting period is a defined period of time. The operation activities of this period are expressed in the financial accounts.

It means that, according to going concern postulate, an organization has an unexpected life in future. Therefore, results of the concern cannot be awaited till the life of concern comes to an end. Such a specified period for which the total activities are summarized and reported is called accounting period.

- But, usually it is understood that accounting period is made up of 12 months of a year. Hence, at the end of every 12 months, the final accounts are prepared to ascertain the results of a concern.

Though, Going concern postulate assume an indefinite life for a business, the accounts cannot be prepared only at the end of life. Ex. Sadhana Co Ltd started Fashion Designing Co Ltd on 1-4-2019 and it intends to ascertain its position on 31-3-2020. By comparing opening and closing balance, it can say profits or losses, but there is no place for correction, adjustment, progress ascertainment, etc.

Implications:

Accounting period always consists of 12 months, usually commencing from April 1st and ending on 31st March. This serves the requirement of laws, segment reporting etc.

2. As the period is defined, the adjustments regarding outstanding, advances received should be adjusted. Ex: Total rent paid is Rs. 1500, where per month rent is Rs. 100. Here, for 12 months rent would be Rs. 1200 and Rs.300 paid is in excess. Therefore, while accounting the excess paid should be deducted from total amount and shown as an asset in B/S (as cash balance is reduced unnecessarily) The outstanding expenses and incomes are to be treated in accounts.

3. The assets' usage value should be reduced for accounting period. i.e. depreciation for 1 year or lesser than that.

4. The Profit and Loss A/c shows the results over the period of time and balance sheet at a point of time i.e. at the end of year.

5. The accounting period would be chronological continuous period, unless it is stated otherwise.

Advantages

1. It facilitates to ascertain the results of operating activities periodically.
2. The management can plan and frame policies to a particular period. If results are positive, then it can continue the same for future.
3. It satisfies the needs of laws such as income tax, sales tax, companies act, wealth tax etc.,
4. The practice of accrual basis of accounting is possible through accounting period postulate. The transactions such as outstanding / prepaid expenses and incomes are recorded.
5. The profit and loss account, balance sheet, income and expenditure, receipts and payment accounts etc., are prepared according to the accounting period.

Disadvantages:

1. The effects of long term investments cannot be accurately divided into specified periods. For example, the asset is purchased at Rs. 1,00,000/- and depreciation is charged at 10% per year i.e. Rs. 10,000/- assuming that, the life of asset is 10 years and benefit of asset is derived equally in each year. It may not be true. Because, in one year asset may be used more and in another year it may be less. It is similar to research and development costs, sales promotion costs etc.,
2. The ill effects of prepaid / outstanding incomes and expenses are presented in accounting. In some cases, the intentionally postponed transactions are recorded in another period.
3. The losses due bad debts create a doubtful treatment. Because, the sales were in previous years and profit was accounted but, the non – payment or sales value is written off in some other period. It is similar to reserve for doubtful debts, preliminary expenses write off etc.

III) ACCOUNTING CONCEPTS:

The concepts are the important components of accounting structure. They are self evident statements, explaining the nature of accounting entities. The concept is difficult to define, but it can be understood by studying the characters.

The term concept in simple words may be defined as *"someone's idea of how something is or should be done".* A concept means-

-A self evident truth,
- A Guideline for application in accounting process,
- An answer to why of accounting, and
-An acceptable foundation, without questioning.

A concept is also defined as *'what we mentally visualize'*. A frame of reference what is actually framed in an accountants' mind. The concepts are important as they provide permanent solution while accounting a business transaction.

(a) Proprietary Concept:

The proprietary means the owners' or entrepreneurs'. These owners create and use an enterprise as their platform to achieve goals. Hence, the business entity created by owners is representative. Therefore, the records maintained in the business are for the sake of owners who are interested in it. The proprietary theory insists upon the analysis of the financial records on the owner's interest or net worth. The accounting equation, in this case becomes like this

Proprietor's Equity =Assets-Liabilities.

All the assets and liabilities of the business belong to owners. Balance Sheet is prepared to know such changes in assets and liabilities.

Kenneth Most is as follows – "The proprietary theory seeks to explain the content and measurement principles, underlying financial statement, by placing the owner of the enterprise at the center of accounting universe. All observations are made from this point of view, and the accounts sees only what the proprietor wishes to see and values objects according to his interest''.

According to the Kenneth most, following are the features of proprietary concept.

i. Owner of the enterprise is more important and center of accounting theory.
ii. It explains, reasons for the analysis, content and measurement principles underlying financial statements.
iii. The owner defined the objectives of writing accounts, values of books of accounts. His interests are dominating.
iv. It is commonly found in almost all types of business organization. In case of companies, the proprietary position is identified with shareholders' net worth.
v. It establishes the relationship between the owner, assets, liabilities, profits, losses of the enterprise.
vi. The results of business either profit or loss are directly related to the proprietor. These are adjusted to their personal account i.e. capital.

(b) Entity Concept:

The business concern is a legal entity. All the assets and liabilities are owned by the business. The transactions, contracts are entered by business in its name. Hence, it is the business which is liable to pay the liabilities out of the assets possessed by it. According to entity theory, owners are different from its business. Both are of equal amount but opposite in nature (i.e. assets and liabilities). The accounting equation would be -

Assets= Equities-Shares holders' equities and Outsider's liabilities

Kenneth Most –

" The entity is something separate and distinct from those who provide capital to the entity. The providers of capital become a kind of creditor interest, and assets, liabilities, expenses and revenues are determined from the interest of the management rather than of the shareholders".

The above definitions express the following features

i. The capital contributors are called owners / Shareholders and the user is business. Hence, both have distinct existence.
ii. The distinct existence of business makes it liable to meet the liabilities (outsiders as well as owners) out of its own assets.
iii. The shareholders are entitled to only a part of the net income, which is called dividend. They do not have any right over the amount retained by the company.
iv. It is an income and income statement centered thinking. Because, the owners income increases only when it is distributed as dividend.
v. The owners of the business are not responsible for the liabilities of the business.

The balance-sheet of a concern shows Assets and Liabilities. Liabilities indicate the amount owed by business to its owners and creditors and the assets are ownership rights possessed by it. The excess of incomes over expenses becomes profit which adds to the liability as it belongs to owners. On the other hand, if an income is outstanding, it becomes an asset as business has a right to collect it. The business organizations in which clear-cut distinction can be made between ownership and business, the entity theory is applicable.

(c) Fund Concept:

According to this theory, balance sheet is viewed as the representative of fund. Liabilities stand for the different sources from which funds have been collected and assets on the other hand are application of funds. In total, balance sheet shows the movement of funds. For every source, there is an application, therefore, the statement of fund always showing equals (tallies) the source and application. The 'assets' in the opinion of theory are committed to a liability. This commitment may be viewed as restrictions on the assets. In a way, no asset is free.

The following features can be listed,

i. The theory mainly focuses on the flow of funds. The flow of fund is due to activities of the business.
ii. The assets represent the application of funds and liabilities the various sources of funds.
iii. The inflow and outflow of funds should be equal. Therefore balance sheet i.e. fund statement is always equal on both sides.
iv. The judicious utilization of asset is reported through the fund flow statement, which is more effective than the static balance sheet.

For example, educational institutions, sports organization, cultural centers, government departments, local-self government. The primary reason is that, these institutions are accountable to the receipts of fund from different sources. The Urban Local Bodies i.e. Municipalities and Town Panchayats are receiving general grants for General purposes and Special Grants for special purposes. Each ULB has to report on the asset created out of each fund such as Pradhan Mantri Gram Sadak Yojana, Pradhan Mantri Grameen Udyog Yojana,MP's Local Area Development Fund, Prime Minister Rojagar Yojana etc. The report should focus on channelization of these funds into assets creation. The users of the information are concerned about the 'fund uses' rather than the profit or loss position.

(d) Residual Equity Concept:

The theory states that the equity share holders are the residual owners of the company. The term 'residual' can be defined as -

"The amount remaining after payment to creditors and preferential shareholders is called residual amount". The equation would be

ASSETS - SPECIFIC EQUITIES = RESIDUAL EQUITIES.

This theory needs to define two concepts i.e. specific equities and residual equities. The specific equities include creditors and preferential shareholders. The excess of assets over specific equities gives residual equities. The balancing figure between assets and specific equities is Residual equity.

Residual Equity = Assets – Specific Equities

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Creditors and Preferential shareholders.

In simple words, the theory aims to explain what is left to equity shareholders.

The **features** of residual equity can be explained as under –

i. There is a bifurcation between equity and preference shareholders. The preference share holders are specific equities.
ii. The main objectives are to provide accurate information to equity shareholders to decide upon their future dividends and investments.
iii. It establishes the relation between the risk and return. The equity shareholders are the highest risk bearers in company, hence they residual profit belongs to them only.
iv. It falls between the entity and proprietary theory.

(e) Enterprise Concept:

The enterprise is modern and broader concept. Accordingly, an enterprise is working in an environment of social, political, economically interested groups. These groups are constantly influencing the functioning of enterprise. Therefore, an enterprise is responsible to environmental groups. This theory takes business far away from mere equities, incomes, funds, ownership etc and incorporates Government, Employees, General Public, Environmentalists, General Governing Bodies. The role and obligation of business has now become broader.

The following are the features of enterprise concept.

1. The enterprise is a social institution. It performs for the benefit of so many groups.
2. It completes the gaps created by earlier four theories, by moving towards society.
3. The value addition is the excess of value of output over value of inputs.

The enterprise concept has given birth to new accounting practices called *Human Resource Accounting, Environment Accounting, Social Accounting, Corporate Governance Practices* etc. The business concern is viewed as socially responsible institution involved in the process of value addition.

f) Dual Aspect Concept:

In accounting, business has an independent separate entity apart from its owner. Hence, when an organization -is formed, two independent entities are created i.e*. Business Entity = Owners' entity and Others' entity.*

As two entities are created, it is known as 'dual' entity. It is also the base for double entry system of book-keeping. According to this concept, for every transaction, there are two aspects i.e.

debit and credit. For every debit there is an equal credit. (Like in science, for every action there is an equal but opposite reaction.)

Similarly, the formula for double-aspect would be:

For every debit, there is an equal but similar credit.

(Debit = credit)

For every credit, there is an equal but similar debit.

(Credit $\uparrow\downarrow$ =Debit $\uparrow\downarrow$)

Let us take an example to explain the effect on business Entity (assets), Owner's Entity and others Entity (Loan capital). For example

* Commenced business with capital Rs.10, 000 and loan Rs.5000.

Cash A/c Dr	15,000	
To Capital A/c		10,000
To Loan A/c		5,000

Here,

Owner's- Capital 10,000 15,000

Entity Others' - Loan 5,000 (Business Entity)

In the above transaction, a building worth Rs 10000 was purchased from Mr. Z and amount paid Rs 3000 only. The journal entry would be

Buildings A/c Dr	10000	
To cash A/c		3000
To Z's A/c		7000

The above examples prove that, every transaction affects the movement of value from one entity to other entity with equality. It is an important aspect in dual aspect to identify debit and credit side of a transaction. Therefore, asset and liability statement i.e. Balance Sheet is always balanced (tallied).

Assets=Owner's capital + others' liability.

Implications:

1. If double effect is not given, the balance sheet remain as an imbalanced statement. In some cases, if only one, either debit or credit is recorded; it is called Single Entry system. But, SES is an unscientific system of book-keeping.
2. Analysis of funds- movement can be easily made with dual aspect treatment.
3. It makes the accounting statement always equal i.e. Trail Balance, and Balance sheet.
4. All transactions are identified under three major types of accounts i.e. Personal A/c, Real A/c and Nominal A/c. For each type two aspects are identified i.e. one for debit and other credit.
5. The following are the maximum combination of accounts in an entry for a transaction.

IV) TECHNIQUES:

As defined by **Porwal L S** in his book Accounting Theory-An Introduction,

"The accounting techniques are specific rules derived from the accounting principles to account for specific transactions and events faced by the accounting entity".

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UNIT – 4: ACCOUNTING PRINCIPLES

Introduction:

The language of business is accounting. Every business speaks through accounted business transaction. This 'language' is commonly acceptable because of its easiness, effectiveness, economical and convenient nature. The success of any language depends upon its strong support by grammar. ***Therefore, learning of accounting means learning the grammar of it.***

Meaning and Definition:

The term principle, according to **Longman, Dictionary of Contemporary English,** may be used in two senses-

a) Moral Rule: *'a moral rule or set of ideas which make you behave in a particular way.'*

b) Belief : *'a belief that is accepted as a reason for an action, way of thinking'.*

Accounting **Terminology Bulletin:**

"A general law or rule adopted or professed as a guide to action, a settled ground or basis of conduct or practices."

Therefore, a principle means a guideline for an action.

a) Accounting Principle:

The accounting principles as defined by different authorities are follows.

Porwal L. S.

"The accounting principles are general decision rules, derived from both the objectives and the theoretical concepts of accounting, which govern the development of accounting techniques."

Therefore, accounting principles may be defined as those rules of action or conduct which are adopted by the accountants universally while recording the accounting transactions.

Features:

From the above definition, the following features of accounting principles e stated,

1) Guidelines for the actions - While writing the transactions in the books of accounts, the principles are helpful.

2) Generally accepted rules - The principles are common to all business activities. This features makes them to be universally acceptable. Further, the world-wide accounting records can be compared, when Generally Accepted Accounting Principles (GAAP) are followed.

3) Explains Current Practices - The principles explain the basis on which the accountant has recorded the transactions. The present reporting 'practice' states the accounting principles at the end.

4) The accounting principles are originated from assumptions, postulates and concepts.

5) Closely related to the objectives of accounting. According to the changes in the objectives of accounting, the principles get change.

6) In some cases, the principles are also equated with concepts, postulates and assumptions.

Nature of Accounting Principles:

There are different terms which are commonly used to mean principles, such as rules, conventions, canons, dogmas, maxims, etc., all they stand for 'common-precise practices'.

Accordingly, the nature of accounting principles may be explained with the help of following features.

1. Man-made Principles: Man is the creator of accounting principles. Usually, for the question who introduced Double Entry Principles? We name Luca Pacioli. Like this, accounting principles are the products of human mind.

2. Diversity in Unity: The accounting principles are of the nature of diversity within a common frame work. A common principle is defined precisely but the practices are different.

3. Interpretation is Dependent: The interpretation of accounting statements depends on the knowledge of the reader. Every business unit is permitted to select a method according to its needs.

4. Products of an Evolutionary Process: Accounting principles are not resulted in a 'single-day'. The present level of accounting principles- standards, is having a history of 500 years !. An idea of double entry system conceived in 1494 by an Italian monk. In India, the history even goes back to ***Vedic period***.

5. Based on Three Tests: Accounting principles are in the nature of general rules but their adoption depends upon three criteria viz, Relevance, Objectivity and Feasibility.

Relevant: A principle becomes relevant when it satisfies the needs of users.

Objectivity: Accounting principle should be objective but not subjective. It should be free from the personal interests of the accountants. The personal bias of the authorities should not influence while accounting.

Feasibility: The principles that are suitable to organization are selected and adopted.

Need For Accounting Principles:

The following factors emphasize the need for accounting principles.

1. Satisfaction of Users: Accounting is scientific recording of business transactions. The transactions are classified by following the accounting principles. **2. Legal Requirements:** The laws such as Indian Companies Act, Income Tax Act, Banking Regulation Act, etc. make it compulsory to prepare accounts in a prescribed manner.

3. Uniformity: The performance of business organizations can be evaluated by comparing each other. Such a comparison is possible only when organizations prepare accounts on standard principles.

4. Research and Development: Accounting principle is a growing science. Therefore, the need of accounting principles promotes research activity.

5. Credibility and Reliability: The credibility of a business unit depends on the transparency of its records. The clearer are the records, the greater would be the reliability. Accounting principles enhance the creditworthiness of the business units.

6. Analysis and Interpretation: The accounting statements are not be interpreted as they are. They are analyzed and interpreted by using various techniques.

7. Standard Policies- The management is interested to frame its own policies. Policies are the guidelines based on principles. A company which declares the 'valuation of stock policy', it should be necessarily based on a principle.

8. Better Comparability: The principles enhance the comparability of accounting statements. The financial statements based on standard principles (i.e. homogenous characteristic) can be easily compared.

9. Sound Accounting Practices: Accounting is both an art and science. It is an art because its base is creative power and skill in performance. It is also science as it is based on logical reasoning i.e. 'principles'.

10. International Requirements: The world is now called by the name Global Village. The 'free-economy' is becoming a common situation. This promotes companies to deal with international companies. Unless the local companies go for basic principles, they cannot meet the international requirements.

11. Adoption of Technology: The world has become Information Technology centered. Accounting is now done through computers. Computer programs are coming with 'Tally'. Such software is based on accounting principles.

12. Accountability: The final accounts are prepared by accounts department. Different sections are related to each other. In order to assign responsibility to all concerned parties the principles should support the treatment.

Selection of Accounting Policies: (Influencing factors)

The policy is the discretionary statement of management. Every management can adopt the policies according to the needs of environment. The selected accounting policy should aim at presentation of true and fair view of the financial-performance of an organization. While selecting an accounting policy, the following factors are to be considered.

1) Prudence: Business is carried in an uncertain environment. The prudent factor expects that the policy should be wisely selected. Prudence policy guards the organization against future uncertainties.

2) Substance over form: The accounting of transaction should be based on their reality i.e. the need or essence of it and not merely directed by legal form.

3) Materiality: The accounting policy should be based on usefulness of treatment. **4) Disclosure:** The accounting policy should be clearly stated to the users of information. There is no hide and seek policy.

Distinction between Accounting Principles and Policies:

Principles and policies are management terms related to each other. Principles are the existing standards and policies are the internal rules and regulations made by the management. The following chart shows the distinction between principle and policy.

Sl. No.	Accounting Principle	Basis	Accounting Policies
1	These are the standards, general decision rules and include postulates and concepts.	Meaning	These are the decisions made by management regarding adoption of prescribed principles which are useful and applicable for them.
2	Principles are developed keeping in view the overall needs and requirements of users, practitioners etc.	Binding	There is no binding on every concern that every accounting principle should be adopted. The management of a firm should select those which are suited and make policies.

3	These are made with the presumption of having been used and accepted.	Pressum-ptions	No such presumptions can be made in respect of accounting policies. The policy followed by a concern needs to be disclosed in preparation of financial statements.
4	So far as accounting principles are concerned, managements do not have any discretion of changing, modifying etc. they have to be followed in Toto.	Choice	In case of accounting policies, managements may make choices. They have to use their own judgments so far as selection of such policies which are best suited to their situation.
5	Accounting principles cover every possible area where standards, strict treatment and compliance are needed.	Adoption	Accounting policies should be decided in the light of given accounting principles. That is why policies should be disclosed to understand the financial data uniformly. Policies vary. They can't be taken for granted.
6	These are the guidelines for accounting actions-generally accepted rules.	Applicabilit y	These are the management actions indicating adoption of particular suited principles of accounting.
7	There is no need of disclosing or giving explanation to the adoption of any accounting principle.	Disclosure	Here, disclosure has to be about the policies followed by the management. In case of every change in policy in any subsequent period, disclosure of the same becomes obligatory.

Principles of Accounting: The following are the principles of accounting-

(a) Cost Principle:

According to this 'assets of any business-concern are recorded in the book at their cost-price and this will be the base for all subsequent accounting of it". The term cost as defined by **AICPA, APB** states " *Cost is the amount measured in money or cash expended or other property transferred".* The price paid to purchase the asset is its cost. This is also known as 'book-value' of asset as it is recorded in the books. It also means that, assets should be recorded at their cost-price at the time of acquisition and in the subsequent years at their cost less depreciation value.

Advantages:

1) Basis for accounting: The 'cost' i.e. value of an asset expressed in monetary terms acts as the base to record in books of accounts.

2) Proper presentation of value: The 'cost' provides the basis for depreciation. The depreciation is always calculated on the basis of cost of acquisition.

3) Supports the non-cash expenditure: The depreciation is an allocation of asset's value over its working life. The asset is purchased and recorded in accounts at the cost value.

4) Objective Reporting: The values presented in the books of accounts are true and fair. There is no room for any subjectivity i.e. inclusion of personal interest in the information.

5) Assist in auditing practices: The cost principle is useful in verification and valuation of assets and liabilities.

Disadvantages:

1. Historical Method: This principle is based on the historical cost. The purchased original cost is the base for all records. The changes in the value of assets are not incorporated. Hence, the asset does not represent their real present value.

2. Restricted to Fixed Asset: The cost principle is applied only to fixed asset. It means, the current assets are valued at their cost or market price whichever is lower.

3. Irrelevant during inflation and deflation: The original cost is not suitable during the inflation and deflation.

4. Valueless Assets: This principle generates concept of valueless years of extraordinary business, values the name and fame i.e. goodwill at Rs 2,00,000/- . The cost principle rejects it to record in books, because nothing has been paid to acquire it.

5. Assets will not represent current worth or market value. Hence, accounts hide real worth of business. Ex: a) An asset costing Rs. 1000 was by mistake bought at Rs. 15,000. Then the cost would be 15,000/- in books. b) Building bought at cost of Rs. 50,000, 5 years back but present worth is Rs.1, 00,000 or Rs.20,000, in both cases no change would be made in the books.

6. If the company owns assets for a long period, then their value would be far away from reality or current market value.

(b) Realization Principle:

"Revenue is recognised when *"sale is made".* Realise means to make-realistic. In accounting, a question always exists about – when revenue should be recognized?. For this, no single answer can be given as there are different sales situations. For example,

Ex: Cash sales, Credit sales, Hire purchase, Installment method, Consignment, Contracts, Production concern etc.

According to this concept, revenue is recognised when a sale is made. 'Sale' should be at the point of sale.

Implications:

1. Manufacturing concern:

In case of manufacturing concern, the sale is the end result of an economic process i.e. There are stages like receiving order, purchasing of raw-material, appointment of labour, production of goods, sale of finished goods etc. When to identify revenue in this example?. According to this concept when actually the finished goods are sold, the revenue is identified and not in early-stages.

2. Credit sales:

The revenue is identified when goods are sold but not when the credit sales amount is collected in future.

3. Services rendered:

In case of service sector, revenue is considered when service is rendered for value. For example, Mr. A student is admitted to school for an annual fee of Rs.1000. The student completes the one year term, but fee is outstanding. But, for the school Rs.1000 was income, as service has already been rendered.

4. Hire-purchase system:

In this system, the title to the goods will be transferred when the last installment is received. Therefore, income is to the extent of instatement received.

5. Continuous contracts:

A contract continued for more than one year is a continuous contrast. i.e. long term contracts. In such case, profit should be ascertained for a particular period. The revenue is identified with the percentage of completed work.

6. Revenue in relation to period:

There are same costs which cannot be identified with a product or goods. For example, sitting allowance of BOD, depreciation on building etc. These are generic in nature and charged to the period of time during which they are incurred.

Advantages:

i. The results of the business is based on the actual transaction takes place.
ii. It specifies the time at which revenue should be identified in case of credit sales, hire-purchase, continuous contracts, etc

Disadvantages:

i. It fails to record the benefit unless it is realized. i.e if the value of asset is increasing in the market, unless it is sold, there is no any gain.
ii. The personal bias may influence the profitability. Ex: Incase of contract accounting, the percentage of work- certified is the base for identification of profits.
iii. It fails to specify the treatment for sitting allowance of board of directors, depreciation etc.

(c) Main Objectivity Principle:

This principle mainly explains the nature of accounting information. The contents of accounting statements should be incorporated with open-mindedness i.e. impartiality. None of the parties related (directly or indirectly) to accounts have a personal interest in it.

According to this principle, the accounting entries should be based on the evidences. The verifiable documents act as the support to record a business transaction. The evidences are to be objective i.e. without any influence of personal bias.

Features:

An objective accounting is one, which is –

- Free from personal bias
- Should have verifiable evidences, and
- Having consensus among qualified practitioners

Advantages:

i. The accounting information is free from personal bias. Hence, the reports are trustworthy.
ii. It establishes the comparable standard with reference to the entries made in accounts and reports.
iii. The auditing work is made easy as the factual records are supported by documents.

iv. The application of dispersion technique facilitates the ascertainment of variation among the variables.

Disadvantages:

a. It is helpless towards the 'evidence-free' asset such as created good-will. According to objectivity Good will cannot be recorded in the business accounts.

b. There is no room for the present worth of the business concern.

(d) Full Disclosure Principle:

The term disclosure as defined by experts means-

Welsch and Anthony-

"Specifies that, there should be complete and understandable reporting on the financial statements of all significant information relating to the economic affairs of the entity".

The term to 'disclose' means to reveal, make known, expose to viewer. According to this principle, business has to disclose the necessary information to the needed parties. Nothing should be hidden from the public or law.

Indian Companies Act 1956 makes it mandatory that "the Income-Statement and Balance Sheet of a company must give a 'True and Fair View" of the state of affairs of the company in the prescribed formats.

There are two important areas specified by the definitions viz. What to disclose ? and Why to disclose ?. The former explain the contents of accounting report and the latter objectives of the same.

What to disclose?

- Accounting records, about borrowing, advances ,securities
- Accounting statements, Income, Balance Sheet, and Flow of funds.
- Profitability trends of organization.
- Accounting policies and methods used to prepare final accounts,
- Changes made over the accounting practices.
- Honest, true, relevant, and fair information, about transactions affecting business, contingent liabilities, supplementary disclosures etc.

Advantages:

- To satisfy the needs of interested parties (directly/indirectly)with desirable information
- To meet the legal requirements Such as Banking Regulation, Indian companies, Tax Act, Wealth Tax etc.
- To establish sound corporate governance practices.
- To access the management's efficiency.
- To facilitate decisions of prospective investors.
- To enhance the transparency of accounts.
- To make the organization 'Transparent'.
- To incorporate corporate governance practices.

Disadvantages:

a. It forces the organization to incorporate every minute detail of the organization, which is not useful to all cost of parties.

b. It is illogical, because the cost of preparing the report is more than the benefit derived from it. Ex: The annual report should be given to every shareholder. (face-value Re.1). the cost of serving a report with minimum 50 pages)would be at least Rs.25/-

c. In the present online trading system, the accounting report may reach even after selling the shares. In such cases, the reporting loses it s value.

d. The invaluable assets are just listed in the reports without any value assigned to them. For example: Human Resource of the organisation.

e) Matching Principle:

The term 'matching' means association related factors. In accounting matching is association of related costs to the revenues. In simple words, "matching concept means, the expenses incurred during the accounting period should be matched with the revenues recognized during the same-period". It insists that all expenses which are applicable to revenue of the period should be charged against that revenue so that result may be ascertained.

The matching principle as defined by **Robert N.A. means** – *"the matching principle holds that all of the expenses incurred in generating revenue should be identified or matched with the revenue generated, period by period".*

The definition specifies that, to earn revenue cost should have been incurred and once the cost is incurred the revenue should be realized in one or other form.

Advantages:

a. Reliable results: The results / profits of the organization are reliable as costs and revenues of particular period are compared to each other.

b. The allocation of asset value over the working life is based on matching principle,

c. It helps in classification of revenue and capital expenses.

d. It assigns the efficiency of a particular period to the concerned official or management.

Disadvantages:

a. It forces the allocation of some expenses merely on assumptions. The return on preliminary expenses cannot be determined exactly. Still, based on assumptions every year some percentage is debited to profit and loss account.

b. The personal bias may influence the allocation of expenses and revenues. It is true with reference to continued contract accounts. The amount to be transferred to P & L A/c and General Reserve depends upon the work certification by the architect.

Modifying Principles – User Constraints

The verb to 'modify' means to alter, change, improve, qualify etc. and modifying principles means those principles which expect a slight alteration in an existing principle. These will not accept the principle as they are but expect them to change according to the influencing factors.

Meaning: The modifying principle may be defined as *"A principle which basically influences or modifies the logic or theme of a principle based on which accounting reports have been prepared".*

Porwal. L.S-

"Limitations of the users of external financial statements and reports put constraints on the logical derivations of principles from these objectives and postulates alone".

The above statements clearly state that, the accounting statements are not diagnosed or sensed in the standard way or manner all over the world. (The users of the information do not have an equal understanding or knowledge). The users differ in their abilities to understand accounting information. A report as understood in a developed country may not carry the same sense or meaning in developing or underdeveloped country. This difference expects that the persons who are preparing any accounting information should consider these factors and make the information more users friendly.

The important Constraints or Modifying Principles are:

a) Materiality-According to this principle, the accountants should distinguish between important and unimportant accounting information. They should record only material details. Any recording of unimportant information would unnecessarily burden accountants' work.
   Modifying effect: Transactions having insignificant economic effect need not be disclosed.
b) Consistency- It is fundamental assumption that the accounting policies followed are consistent from one period to another. Any method selected for recording the transactions should be carried out for a minimum period and should not be changed.
   Modifying effect: The change in accounting would be permitted when it would improve the measurement of financial results and financial positions.
c) Conservative- The business needs to be safeguarded against uncertain events. Accordingly, it states to anticipate no profit but provide for all possible losses.
   Modifying effect: It states that too much conservatism is not advised. There is need for adoption of modern techniques and record the guaranteed information to find out the profits.
d) Uniformity- This expects commonness among all accounting practitioners.
   Modifying effect: It may not be possible to all business concerns to adopt the same techniques as there are different treatments for certain items. This modifies the principle and advises to disclose the accounting policy followed.
e) Cost-Benefit- It states that an accounting principle should be based on cost-benefit factor. If benefit from information is lesser than the cost incurred for it, then it should be left out and vice versa.
   Modifying effect: A business firm has to decide the importance of information. Even if the cost is more in preparing the information than the benefit, it should develop such information which is required under law or harms the quality of disclosure.
f) Timeliness-It says that users need most up to date information. This principle expects provision of most current information.
   Modifying effect: Now, it has become necessary to adopt GAAPs and IFRS in presenting the final statements.
g) Industry Practice- The traditional principles are uniform and do not allow deviations. But, there may be practical difficulties in their adoption.
   Modifying effect: It states that some modifications should be made looking to the users' needs.

* * * * *

UNIT – 4: ACCOUNTING STANDARDS

Meaning:

The ultimate objective of generating accounting information is to convey the same to the needed parties. The needy include both insiders and outsiders to the organization. The 'effectiveness' of an information depends upon the accuracy of the process. This process of creating information statements should be based on logical principles.

Accounting as a language of business communicates through the financial statements the financial results and performance of an enterprise to various users of such financial statements. It is in the interest of all that the financial statements show true and fair view of the state and affairs of the organization. Therefore, there is a need to have some grammar for the language.

Standards-

The synonyms of the noun 'Standard' are ethics, ideals, morals, principles.

Accounting standard-

The Accounting Standard according to **Kolher's** Dictionary-

"a mode of conduct imposed on accountants by custom, law or professional body; and accounting principle".

According to **Bromwich-**

" Accounting standards are uniform rules for financial reporting applicable to either to all or to a certain class of entity promulgated by what is perceived of as predominately an element of accounting community specially created for this purpose. Standard setters can be seen as seeking to prescribe a professed accounting treatment from the available set of methods for treating one or more accounting problems. Other policy statements by the profession will be referred to as recommendations".

From the above definitions, it is clear that an accounting standard is one, which-

a) sets uniform rules for accounting,
b) provides realistic working guidelines,
c) are enforced by an authority,
d) removes the possible flexibility in treatments,
e) makes accounting information more scientific, predictable, true and fair.

Objectives-

The main reasons to have accounting standards are -

1. To standardize the accounting practices.
2. To make the accounting information more-comparable,
3. To present true and fair view of the financial position of the entity,
4. To convey that accounting fundamentals are recognized, and duly followed,
5. To satisfy the disclosure requirements of authorities,

Classification-

Accounting Standards are classified on the basis of different approaches, as-

(A) Subject Matter-

The content of a standard is used as base to classify the standard into three ways-

A1 – Measurement Standard- Concerned with measurement of assets, liabilities, revenue etc.
A2 – Disclosure Standard- This deals with obligatory information to be disclosed to public.
A3 – Presentation Standard- The method of presenting the accounting information.

(B) Issuing Authority-

The body which issues accounting standards is used for classification. Accordingly, there are three types-

B1- Voluntary Compliance Standards- The standards generated by a business entity on its own. Others may follow the same.
B2 – Privately Set Standards- The private business organizations establish standards among themselves and practice them. Ex: Chambers of Commerce.
B3 – Governmental Standards- The Government agencies establish the standards. These are compulsory on all entities falling within the limits of a government.

GROWTH IN INDIA

The rich heritage of India provides glimpses of different trade practices. We can recall the Vedic period, the writings of Koutilya (Artha Shashtra) etc.

In India, the Institute of Chartered Accountants of India (ICAI) is the premier accountancy body shouldering the -responsibility of formulating the Accounting Standards (AS) with due consideration to the prevailing practices both in India and World at large. The ICAI constituted an assisting body called Accounting Standards Board (ASB) on April 21, 1977. The main objective of the ASB and ICAI is to harmonise the diverse accounting policies and practices at global level. This board comprises of representatives of Reserve Bank of India (RBI), Comptroller and Auditor General of India (CAG), The Securities and Exchange Board of India (SEBI), University Grants Commission (UGC), Indian Institute of Management(IIM), Federation of Indian Chambers of Commerce and Industries (FICCI), Associated Chambers of Commerce (ASSOCHAM), Confederation of Indian Industries (CII), The Institute of Cost and Work Accountants (ICWA), The Institute of Company Secretaries of India and Central Board Direct Taxes (CBDT) etc. This board is further guided by an Advisory Committee setup by Central Government i.e. Notional Advisory Committee (NAC). The basic reason for broad basing the membership is to give representation to all parties affected by and interested in the Accounting Standards.

Present Status of Accounting Standards
In India in Harmonization with the International Accounting Standards.

As indicated earlier, ASB formulates Accounting Standards on the basis of the International Accounting Standards (IAS) issued by the IASC (now ISAB). Of the 41 IAS issued so far, 34 are at present in force, the remaining have been withdrawn by the IASC. Corresponding to the IAS, so far, 28 Indian Accounting Standards on the following subjects have been issued…

AS1 Disclosure of Accounting Policies
AS2 Valuation of Inventories
AS3 Cash Flow Statements
AS4 Contingencies and Events Occurring after the Balance Sheet Date
AS5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies

AS6	Depreciation Accounting
AS7	Accounting for Construction Contracts
AS8	Accounting for Research and Development
AS9	Revenue Recognition
AS10	Accounting for Fixed Assets
AS11	Accounting for the Effects of Changes in Foreign Exchange Rates
AS12	Accounting for Government Grants
AS13	Accounting for Investments
AS14	Accounting for Amalgamations
AS15	Accounting for Retirement Benefits in the Financial Statements of Employers
AS16	Borrowing Costs
AS17	Segments Reporting
AS18	Related Party Disclosures
AS19	Leases
AS20	Earnings Per Share
AS21	Consolidated Financial Statements
AS22	Accounting for Taxes on Income
AS23	Accounting for Investments in Associates in Consolidated Financial Statements.
AS24	Discontinuing Operations
AS25	Interim Financial Reporting
AS26	Intangible Assets
AS27	Financial Reporting of Interests in Joint Ventures
AS28	Impairment of Assets

Section 211 (3A): 'every profit and loss account and balance sheet of the company shall comply with the accounting standards'

Sections 211 (3B): 'Where the profit and loss account and the balance sheet of the company do not comply with the accounting standards, such companies shall disclose in its profit and loss account and balance sheet, the following, namely…

1. the deviation from the accounting standards;
2. the reasons for such deviation; and
3. the financial effect, if any, arising due to such deviation'

- **Problems only on AS -2 (Inventory Valuation), AS -6 (Depreciation Accounting), AS – 10 (Accounting for fixed assets) AS -29 (Provisions, Contingent Liabilities & Assets).**

Model problems on AS-2

1. Answer to QUE-10 of May 2016 examination.

STORES LEDGER FOR THE MONTH OF January, 2016 under FIFO Method
Max. Level: Bin Card No. Min. Level: Re-order Level:

Date	Receipts			Issues			Balance		
	Qty. Units	Rate p.u.	Amt. (Rs.)	Qty. Units	Rate p.u.	Amt. (Rs,)	Qty. Units	Rate p.u.	Amt. (Rs.)
2016 Jan. 1	-	-	-	-	-	-	850	Rs. 5	4250
" 4	300	Rs. 6	1800	-	-	-	850 300	Rs. 5 Rs. 6	4250 1800
" 8	600	Rs. 8	4800	-	-	-	850 300 600	Rs. 5 Rs. 6 Rs. 8	4250 1800 4800
" 10	-	-	-	500	Rs. 5	2500	350 300 600	Rs. 5 Rs. 6 Rs. 8	1750 1800 4800
" 14	-	-	-	300	Rs. 5	1500	50 300 600	Rs. 5 Rs. 6 Rs. 8	250 1800 4800
" 15	700	Rs. 8	5600	-	-	-	50 300 600 700	Rs. 5 Rs. 6 Rs. 8 Rs. 8	250 1800 4800 5600
" 17	500	Rs. 8.50	4250	-	-	-	50 300 600 700 500	Rs. 5 Rs. 6 Rs. 8 Rs. 8 Rs.8.50	250 1800 4800 5600 4250
" 18	-	-	-	50 300 450	Rs. 5 Rs. 6 Rs. 8	2500 1800 3600	150 700 500	Rs. 8 Rs. 8 Rs.8.50	1200 5600 4250
" 25	-	-	-	150 150	Rs. 8 Rs. 8	1200 1200	550 500	Rs. 8 Rs.8.50	4400 4250
" 27	300	Rs. 10	3000	-	-	-	550 500 300	Rs. 8 Rs.8.50 Rs. 10	4400 4250 3000

- The total quantity of closing stock of1350 units (550+500+300 @ different rates of Rs.8, 8.50 and 10 respectively) was worth of total value of Rs. 11,650.

Problem No.-2:

Que. 10: The following transactions occur in the purchase and issue of materials in February 2017.

1st Feb. Stock of raw materials 500 tons at Rs. 200
5th Feb. Issued 250 tons.
10th Feb. Returns from departments 15 tons.
14th Feb. Issued 180 tons.
16th Feb. Received 200 tons at Rs.190.
20th Feb. Received 320 tons at Rs. 200.
26th Feb. Issued 150 tons.
27th Feb. Returned from department 30 tons.
28th Feb. Received 250 tons at Rs.220.
28th Feb. Issued 300 tons.

From the above information, prepare the stores ledger adopting FIFO method.

Problem No. -3.
Solution to question No. 10 of April, 2019 examination.

Date	RECEIPTS			ISSUES			BALANCE		
	Qty.	Rate per unit	Amt.	Qty.	Rate Per unit	Amt.	Qty.	Rate Per unit	Amt.
2019 Apr. 2	2000	Rs. 30	60,000				2000	Rs. 30	60,000
" . 5	3000	34	1,02,000				2000 3000	Rs. 30 34	60,000 1,02,000
" 7				1600	30	48,000	400 3000	30 34	12,000 1,02,000
" 10				400	30	12,000	3000	34	1,02,000
" 12	2400	32	76,800				3000 2400	34 32	1,02,000 76,800
" 18				3000	34	1,02,000	2400	32	76,800
" 19	1800	40	72,000				2400 1800	32 40	76,800 72,000
" 22				600	32	19,200	1800 1800	32 40	57,600 72,000
" 24	4000	26	1,04000				1800 1800 4000	32 40 26	57,600 72,000 1,04,000
" 27				1200	32	38,400	600 1800 4000	32 40 26	19,200 72,000 1,04,000

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