

THAKUR COLLEGE OF SCIENCE AND COMMERCE

PROGRAMME: SYBAF SEM IV (2018-2019)

COURSE: FINANCIAL ACCOUNTING IV

**IMPORTANT POINTS TO REMEMBER**

1. The final accounts of a company are to be prepared as per the provisions of companies Act 2013.
2. Under schedule III of the companies Act 2013 the Balance Sheet and Profit & Loss statement should be prepared in vertical format only.
3. Trade receivables means amount due on account of goods sold or services rendered.
4. Part I is Form of Balance Sheet.
5. Part II is Form of statement of Profit and loss
6. The two main headings of balance sheet are **Equity and Liabilities** and **Assets**.
7. Interim Dividend means the dividend paid in between two annual general meetings.
8. The main items in the financial statements are shown in Balance Sheet and Profit and Loss statement and the detailed items in Notes to Accounts.
9. Bank balance and cash on hand is shown under the category Cash and cash equivalents.
10. Assets are further classified as **Non-Current** and **Current**.
11. Liabilities are further classified as **Non-Current** and **Current**.
12. Only fully paid preference shares can be redeemed.
13. To redeem means to pay back.
14. Redemption of preference shares can be done out of divisible profits or by fresh issue of equity or preference shares.
15. Preference shares can be redeemed at par or at premium.
16. Amount unpaid on called up shares is known as calls-in arrears.
17. Forfeiture of shares means cancellation of shares.
18. Capital Redemption Reserve is created for redemption out of divisible profits.
19. CRR account can be used for issue of fully paid bonus shares.

20. Right shares are issued to existing shareholders.
21. A company can issue two types of debentures ie redeemable and irredeemable.
22. Repayment of the amount due to debenture holders at an agreed date is known as redemption of debentures.
23. Irredeemable debentures are paid at the time of winding up of company.
24. Redemption of debentures can be done in installments.
25. Under conversion method redemption of debentures is done by converting into shares or new debentures.
26. Debenture Redemption Account is created when redemption of debentures is through profits.
27. Profits prior to incorporation means profits upto the date of incorporation.
28. Profits prior to incorporation is transferred to capital reserve account.
29. Preliminary expenses are shown in post incorporation period.
30. Any loss prior to incorporation is debited to Goodwill A/c.
31. Partner's salary or vendor's salary is shown in pre incorporation period.
32. Director's fees are shown in post incorporation period.
33. Gross profit is divided into sales ratio.
34. If sales ratio is not given then items are divided in time ratio.
35. Debenture interest is charged to post period.
36. AS 11 classifies the foreign branch into two categories integral foreign operations and non-integral foreign operations.
37. Non-Integral foreign operations means Independent Branch.
38. Integral foreign operations means Dependent Branch.
39. In case of Balance Sheet date transactions, monetary items are converted at closing rate.
40. Exchange difference is the balancing figure in converted Trial Balance.