

Personal Finance

Book Review: A ready reckoner for beginners

Bavadharini K S | Updated on January 10, 2018 | Published on September 24, 2017

Andrei_R/shutterstock.com

This book on financial accounting covers basic concepts in simple language

Most of us would have scanned book shops or online sites for ready reckoners at some point in time. This is especially true of subjects such as law, taxation and financial accounting or reporting, which are prone to constant changes.

The book *Contemporary financial accounting and reporting for management – A holistic perspective* by CA Nalayiram Subramanian can act as your reference guide for providing conceptual clarity.

The book touches every basic aspect of accounting and reporting and provides insight on the *whys* and *hows* of financial accounting. It does so through case studies of various companies such as Wipro, Asian Paints and Hindustan Unilever.

Though the book is heavy on theory, the simple language helps. The book explains how computer programming can be applied and used to simplify accounting and reporting.

For instance, the framework of Extensible Business Reporting Language (XBRL), usage of VBA (Visual Basics) and Microsoft Excel is very useful to a beginner in financial accounts, especially computer accounting.

However, the simple techniques (shortcut keys) could have been explained in greater detail to help the reader navigate better while using these tools.

A to Z of Accounting

The book is divided into 19 chapters and the first 17 chapters educate on the fundamentals of accounting, while the last two are focused on analysis and application of software tools.

The book covers varied topics, right from recording of transactions in primary and secondary books to preparation of Profit & Loss Account and Balance Sheet including trial balance, rectification of errors and reporting structures.

The book also takes you through the accounting for inventories and its valuations, preparation of cash and fund flow statements and accounting for direct and indirect taxes. The financial statements are mere numbers in a structured format unless an analysis is made out of them.

Thus, on the analysis front, the book covers all the ratios related to returns, capital market performance and profitability giving step by step explanation to the reader.

The book also gives a peek into the basics of financial modelling such as projecting future revenues, profits and earnings using certain assumptions.

Though the book provides ample examples to explain concepts, it lacks structured illustrations to support the explanations which would connect with a novice better.

If you want to make sense of a chapter before you begin, you can refer to 'summary' at the end of the chapter which gives an overall view of the concepts explained. The book also provides key words and simple practice exercises at the end of each chapter to test your understanding.

Practical applicability

The book's attempt to cover the entire accounting spectrum has, however, prevented it from diving deep into specific concepts. For instance, more explanations in the case of IND AS (accounting standard) could have helped.

That said, this book helps you speak your accountant's language and quickly gets you to speed on topics such as reported income, profit margins and business strengths and weaknesses.

Basically, if you are a student, you widen your knowledge and for professionals who want to update themselves on the latest in accounting, it can provide an overview.

Investors with a non-accounting background can also use this as a guide to understand annual reports of companies in their portfolios.

The author could however have delved deeper into computerised accounting.

The working aspects of Tally, SAP and other software tools, which are predominantly used, are not discussed at length.

That could have been useful for all categories of users.

Since the latest update on the book is yet to be released, Goods and Services Tax and its related concepts are not discussed.

Published on September 24, 2017

books and literature

COMMENTS