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**VIRTUAL COACHING CLASSES  
ORGANISED BY BOS, ICAI**

**FOUNDATION LEVEL  
PAPER 1: PRINCIPLES AND PRATICE OF  
ACCOUNTING**

**Faculty: CA VS Hiranmai**



# CHAPTER 1- THEORETICAL FRAMEWORK

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- There are 9 units in total for this chapter
- This chapter mainly deals with the theory part and introduction to the accountancy subject.
- What is Accounting- purpose and methodology, branches in accounting- the principles/conventions/concepts, the distinction between capital and revenue transactions, the Accounting standards and Ind AS.
- All of the above which form an initial base for understanding the concept in depth have been combined together to understand the entire concept in brief.
- Examination point of approach- Each chapter will have discussion of the past examination question papers at the end along with the MCQ's.

# Unit 7- Accounting as a measurement discipline- Valuation principles, Accounting estimates

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- **Valuation principles**

- Historical cost- the actual cost of acquisition of an asset
- Current cost- The current cost to purchase similar machinery as of today in the market
- Realizable value – The actual realizable value on the sale of the asset after the expenses
- Present value- The money value is considered. Based on the benefits derived from an asset over a period of time, if a discount factor is used to find out today's value of the future benefits- then it is termed as present value.
- Measurement as a discipline means identifying the objects/events to be measured, Selection of standards of scale and application and evaluation of the scale.
- Hence in accounting- identifying the transactions and measuring it in monetary terms and presenting in the financials is the motto



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**THANK YOU**