

## PART A: FINANCIAL ACCOUNTING – I

### Unit-1: Theoretical Frame Work

Introduction to Accounting • Accounting- concept, objectives, advantages and limitations, types of accounting information; users of accounting information and their needs. Qualitative Characteristics of Accounting Information. Role of Accounting in Business. • Basic Accounting Terms- Business Transaction, Capital, Drawings. Liabilities (Non Current and Current). Assets (Non Current, Current); Fixed assets (Tangible and Intangible), Expenditure (Capital and Revenue), Expense, Income, Profit, Gain, Loss, Purchase, Sales, Goods, Stock, Debtor, Creditor, Voucher, Discount (Trade discount and Cash Discount) , Theory Base of Accounting • Fundamental accounting assumptions: GAAP: Concept • Business Entity, Money Measurement, Going Concern, Accounting Period, Cost Concept, Dual Aspect, Revenue Recognition, Matching, Full Disclosure, Consistency, Conservatism, Materiality and Objectivity • System of Accounting. Basis of Accounting: cash basis and accrual basis • Accounting Standards: Applicability in IndAS • Need of IFRS • Goods and Services Tax (GST): Characteristics and Objective.

### Unit-2: Accounting Process

Recording of Business Transactions • Voucher and Transactions: Source documents and Vouchers, Preparation of Vouchers, Accounting Equation Approach: Meaning and Analysis, Rules of Debit and Credit. (Traditional and Modern Approach) • Recording of Transactions: Books of Original Entry- Journal • Special Purpose books: • Cash Book: Simple, cash book with bank column and petty cashbook • Purchases book • Sales book • Purchases return book • Sales return book Note: Including trade discount, freight and cartage expenses for simple GST calculation. • Ledger: Format, Posting from journal and subsidiary books, Balancing of accounts Bank Reconciliation Statement: • Need and preparation Depreciation, Provisions and Reserves • Depreciation: Concept, Features, Causes, factors • Other similar terms: Depletion and Amortisation • Methods of Depreciation: i. Straight Line Method (SLM) ii. Written Down Value Method (WDV) Note: Excluding change of method • Difference between SLM and WDV; Advantages of SLM and WDV • Accounting treatment of depreciation i. Charging to asset account ii. Creating provision for depreciation/accumulated depreciation account iii. Treatment for disposal of asset • Provisions and Reserves: Difference • Types of Reserves: i. Revenue reserve ii. Capital reserve iii. General reserve iv. Specific reserve v. Secret Reserve • Difference between capital and revenue reserve Accounting for Bills of Exchange • Bill of exchange and Promissory Note: Definition, Specimen, Features, Parties. • Difference between Bill of Exchange and Promissory Note • Terms in Bill of Exchange: i. Term of Bill ii. Accommodation bill (concept) iii. Days of Grace iv. Date of maturity v. Discounting of bill vi. Endorsement of bill vii. Bill after due date viii. Negotiation ix. Bill sent for collection x. Dishonour of bill • Accounting Treatment Note: excluding accounting treatment for accommodation bill Trial balance and Rectification of Errors • Trial balance: objectives and preparation (Scope: Trial balance with balance method only) • Errors: types-errors of omission, commission, principles, and compensating; their effect on Trial Balance. • Detection and rectification of errors; preparation of suspense account.

## Part B: Financial Accounting – II

### Unit 3: Financial Statements of Sole Proprietorship

Financial Statements Meaning, objectives and importance; Revenue and Capital Receipts; Revenue and Capital Expenditure; Deferred Revenue expenditure. Trading and Profit and Loss Account: Gross Profit, Operating profit and Net profit. Preparation. Balance Sheet: need, grouping and marshalling of assets and liabilities. Preparation. Adjustments in preparation of financial statements with respect to closing stock, outstanding expenses, prepaid expenses, accrued income, income received in advance, depreciation, bad debts, provision for doubtful debts, provision for discount on debtors, Abnormal loss, Goods taken for personal use/staff welfare, interest on capital and managers commission. Preparation of Trading and Profit and Loss account and Balance Sheet of a sole proprietorship with adjustments. Incomplete Records Features, reasons and limitations. Ascertainment of Profit/Loss by Statement of Affairs method.