

B.Com: Semester I
Paper BC 1.2: FINANCIAL ACCOUNTING

Duration: 3 hrs.

Marks: 90

Lectures: 78

Objectives: The objective of this paper is to help students to acquire conceptual knowledge of the financial accounting and to impart skills for recording various kinds of business transactions.

CONTENTS

Unit 1: (a) Theoretical Framework

13 Lectures

- i. Accounting as an information system, the users of financial accounting information and their needs. Qualitative characteristics of accounting, information. Functions, advantages and limitations of accounting. Branches of accounting. Bases of accounting; cash basis and accrual basis.
- ii. The nature of financial accounting principles – Basic concepts and conventions: entity, money measurement, going concern, cost, realization, accruals, periodicity, consistency, prudence (conservatism), materiality and full disclosures.
- iii. Financial accounting standards: Concept, benefits, procedure for issuing accounting standards in India. Salient features of First-Time Adoption of Indian Accounting Standard (Ind-AS) 101. International Financial Reporting Standards (IFRS): - Need and procedures.

(b) Accounting Process

From recording of a business transaction to preparation of trial balance including adjustments

Unit 2: (a) Business Income

13 Lectures

- i. Measurement of business income-Net income: the accounting period, the continuity doctrine and matching concept. Objectives of measurement.
- ii. Revenue recognition: Recognition of expenses. Capital and revenue expenditures and receipts: general introduction only.
- iii. The nature of depreciation. The accounting concept of depreciation. Factors in the measurement of depreciation. Methods of computing depreciation: straight line method and diminishing balance method; Disposal of depreciable assets-change of method.
- iv. Inventories: Meaning. Significance of inventory valuation. Inventory Record Systems: periodic and perpetual. Methods: FIFO, LIFO and Weighted Average. Salient features of Indian Accounting Standard (IND-AS): 2

Unit 3: Accounting for Consignment, Joint Venture, Inland Branches

13 Lectures

- i) **Consignment:** Features, Accounting treatment in the books of the consignor and consignee.
- ii) **Joint Venture:** Accounting procedures: Joint Bank Account, Records Maintained by Co-venturer of (a) all transactions (b) only his own transactions. (Memorandum joint venture account).
- iii) **Inland Branches:** Concept of dependent branches; accounting aspects; debtors system, stock and debtors system, branch final accounts system and whole sale basis system

Independent branches: concept-accounting treatment: important adjustment entries and preparation of consolidated profit and loss account and balance sheet.

Unit 4: Accounting for Dissolution of Partnership Firm

13 Lectures

Accounting of Dissolution of the Partnership Firm Including Insolvency of partners, sale to a limited company and piecemeal distribution

Tutorials 1

13 Lectures

Computerized Accounting Systems: Computerized Accounts by using any popular accounting software: Creating a Company; Configure and Features settings; Creating Accounting Ledgers and Groups; Creating tock Items and Groups; Vouchers Entry; Generating Reports - Cash Book, Ledger Accounts, Trial Balance, Profit and Loss Account, Balance Sheet, Funds Flow Statement, Cash Flow Statement;

Selecting and shutting a Company; Backup and Restore data of a Company.

Tutorials 2

13 Lectures

Preparation of financial statements of non-corporate business entities; Journal entries and ledger accounts in the books of Hire Vendors and Hire purchaser for large value items including Default and repossession.

Note: The listed tutorials are illustrative and not exhaustive.

Note:

- 1. The relevant Indian Accounting Standards in line with the IFRS for all the above topics should be covered.**
- 2. Any revision of relevant Indian Accounting Standard would become applicable immediately.**

Suggested Readings:

1. Robert N Anthony, David Hawkins, Kenneth A. Merchant, *Accounting: Text and Cases*. McGraw-Hill Education, 13th Ed. 2013.
2. Charles T. Horngren and Donna Philbrick, *Introduction to Financial Accounting*, Pearson Education.
3. J.R. Monga, *Financial Accounting: Concepts and Applications*. Mayur Paper Backs, New Delhi.
4. M.C.Shukla, T.S. Grewal and S.C.Gupta. *Advanced Accounts. Vol.-I*. S. Chand & Co., New Delhi.
5. S.N. Maheshwari, and. S. K. Maheshwari. *Financial Accounting*. Vikas Publishing House, New Delhi.
6. Deepak Sehgal. *Financial Accounting*. Vikas Publishing H House, New Delhi.
7. Bhushan Kumar Goyal and HN Tiwari, *Financial Accounting*, International Book House
8. Goldwin, Alderman and Sanyal, *Financial Accounting*, Cengage Learning.
9. Tulsian, P.C. *Financial Accounting*, Pearson Education.
10. *Compendium of Statements and Standards of Accounting*. The Institute of Chartered Accountants of India, New Delhi

Note: Latest edition of the text books should be used.