

Financial Accounting

B.Com (Annual) Part-I Paper-III

Maximum Marks: 100 (Pass Marks: 40)

Duration of Examination: 3 Hours

Course Objectives:

1. To introduce accounting concepts which enable students to recognize, understand and maintain different accounts of business according to the Accounting Standards, with a clear understanding of how transactions are recorded in different types of business?
2. Understand the basic elements of double-entry accounting systems, accounting cycle, entering transactions in journals, posting to ledgers, compiling end-of-period worksheets with adjusting entries and preparation of financial reports.

Course Contents:

Topic	Source
Introduction to Business, Commerce, Trading, Finance and Financial Institutions. Concept of account, assets, liabilities, revenues, expenses, capital etc. History of Accounting	Ch.1, book 1
Introduction to accounting and accounting equation	Ch.2, book 1
The IASB, and financial reporting IFRS-1 Accounting concepts and conventions: IAS-1	Ch.1, book 3
Recording the business transaction: sources , records and books of original entry journal, ledger accounting & trial balance	Ch.2, book 1 Ch.3, book 2
Adjusting entries: contra Accounts, accruals and prepayments, adjusting trial balance, financial statements	Ch.3, book 1 Ch.3, book 2
Completing the accounting cycle, Closing entries: temporary and permanent accounts, post close trial balance, reversing entries and Worksheet, income statement, balance sheet, and statement of owner's equity.	Ch.4, book 1
Special journals for repetitive transaction, their types and formats Subsidiary ledgers and Control accounts. for sales, purchases, transactions etc.	Ch.4, book 2
Accounting for merchandising concerns: purchase, sales, discounts, returns and allowances, FOB destination and shipping point , cost of goods sold, completing the accounting cycle, financial statement formats	Ch.5, book 1
IAS-2 Inventories, types and its evaluation	Ch.2, book 3
Inventories and its types, inventory costing under perpetual and periodic systems , financial statement effects of costing methods, inventory errors and decision analysis	Ch.6, book 1
Internal control, its types, purpose and limitations, control of cash, banking activities as controls, bank statement, bank reconciliation, Cash book.	Ch.8, book 1
Accounting for accounts receivables, notes Receivables, its recognition and disposition. , Bad debts, direct and allowance approach, provision and reserve	Ch.9, book 1
Accounting for fixed assets; property plant and equipment, cost determination of fixed assets, Accounts for assets acquired in non monetary exchanges, Disposal of fixed Assets. Depreciation, Describe the purpose, process and calculation of depreciation, depletion and amortization, impairment of assets and revision of depreciation. Natural resources & intangibles	Ch.10 book 1 Ch. 9 book 2
Current liabilities	Ch.11, book 1
Partnership accounts with reference to Partnership Act-1932 Formation, admission, retirement, death, profit distribution and dissolution.	Ch.12, book 2
Companies' accounts Corporation, Companies' formation, recording of issue of shares	Ch 13 Book 1 Ch 11, 12

Stock splits; treasury stock, Use of treasury stock method; Sources of retained earnings; retained earnings appropriation to dividends and reserves; concept and types reserves; Accounting for the cash dividends, stock dividends. Adjust the weighted average number of common shares for stock dividends, stock splits.	Book 2
Long term liabilities	Ch 14 Book 1
Computerized Accounting System <ul style="list-style-type: none"> • Accounting Information System (AIS) an accountant’s perspective. • Elementary discussion on manual & E.D.P. accounting • How to design a chart of Account? Its types along with practical examples. • Transaction Processing, ethics, fraud and internal control 	Ch.1 Book4, Ch.7 book 1

Recommended Text (Latest Editions):

1. Larson, K. D., Wild, J. J., & Chiappetta, B. (2005), “*Fundamentals of Financial Accounting*”, 17th edition, McGraw Hill Irwin.
2. Meigs, B. Walter., Johnson, E. Charles. & Meigs, F. Robert (2003), “*Accounting: the basis of Business decisions*”, 11th edition McGraw Hill,.
3. International Accounting Standards Committee Foundation (IASCF) 2005, *International Financial Reporting Standards (IFRSs)* , London United Kingdom.
4. Hall A. James., (2009), *Accounting Information System*, 6th edition, Thomson South-Western.

Suggested Readings

5. Partnership Act-1932
6. Meigs, B. Walter., Johnson, E. Charles. & Meigs, F. Robert (2003), “*Accounting: the basis of Business decisions*”, 11th edition McGraw Hill,.
7. ICAP (2004), “*Introduction to Financial Accounting*”, Module-B, 17 editions, .PBP professional education,
8. ICMAP (2006), “*Fundamentals of Financial Accounting and Taxation*”, Stage-1 2nd edition. PBP professional education,