

**Guidelines for B. Com (Hons.)**  
**Paper – CH 1.2: Semester - I**  
**FINANCIAL ACCOUNTING**  
**(For Academic Year 2012-13)**

**(PART A)**

**1. THEORETICAL FRAMEWORK 6 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 disclosure.
- iii) Financial accounting standards: Concept, benefits, procedure for issuing accounting standards in India. Salient features of Accounting Standard (AS):1 (ICAI).
- iv) International Financial Reporting Standards (IFRS):-Need and procedures.

**(In view of the vast coverage, the number of lectures assigned to this unit is increased to 6 lectures. All the topics are to be discussed in sufficient detail).**

**2. ACCOUNTING PROCESS 2 Lectures**

From recording of business transactions to preparation of trial balance, an overview only.

**(All the topics are to be discussed with sufficient details in two lectures).**

**3. 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: Salient features of Accounting Standard (AS): 9 (ICAI) Recognition of expenses.
- 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 (*with retrospective effect only as per AS-6*). Salient features of Accounting Standard(AS:6)(ICAI).
- iv) Inventories: meaning. Significance of inventory valuation. Inventory

Record Systems: periodic and perpetual. Methods: FIFO, LIFO (only theory) and Weighted Average. Salient features of Accounting Standard (AS):2 (ICAI).

**[This unit may be completed in 13 lectures {(i) part -2 lectures, (ii) part - 1 lecture, (iii) part-6 lectures, and (iv) part – 4 lectures)].**

**4. FINAL ACCOUNTS 15 Lectures**

- i) Capital and revenue expenditures and receipts: general introduction only.
- ii) Preparation of financial statements:
  - a) of non-corporate business entities from a trial balance; (in case of sole proprietorship only).
  - b) of not-for-profit organizations; (no need to cover receipts and payments accounts and wrong statement correction).
  - c) from incomplete records: statement of affairs method and conversion method.

**This unit may be completed in 15 lectures ((i) Part-1 lecture, (ii) a Part – 4 lectures, (ii) b -7 lectures, Part (ii) c- 3 lectures.**

**5. ACCOUNTING FOR HIRE PURCHASE AND INSTALMENT SYSTEMS**

Concepts of operating and financial lease (theory only). **12 Lectures**

[Following topics are to be covered;

- (i) Calculation of Interest.
- (ii) Entries in the books of Purchaser and Seller.S
- (iii) Entries for Re-possession (full and partial both).
- (iv) Hire Purchase Trading (Total cash price basis) stock and debtors System.
- (v) Difference between Hire Purchase and Installment Systems (only theory).
- (vi) Concepts of operating and financial leverage (only theory)].

## **6. ACCOUNTING FOR INLAND BRANCHES**

**15 Lectures**

Concept of dependent branches; accounting aspects; debtors system, stock and debtors system, branch final accounts system (only theory) and whole sale basis system (only theory).

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

### **(PART-B)**

## **7. ACCOUNTING FOR DISSOLUTION OF THE PARTNERSHIP FIRM**

Insolvency of partners, sale to a limited company and piecemeal distribution (only maximum possible loss method).

**12 Lectures**

### **(PART – C)**

**Computerized Accounts** (By using any popular accounting software)

Creation of vouchers and recording transactions, preparing reports – cash book and bank book, ledger accounts, trial balance, Profit and Loss Account (Income Statement) and Balance Sheet.

### **Note:**

- 1. Any revision of relevant accounting standard issued by ICAI would become applicable immediately.**
- 2. Examination Scheme for Computerized Accounts – Practical for 20 marks through IA. The practical examination will be for 1hour, through an internal assessment and examination.**
- 3. The college has a choice of parts A+B or A+C and can even avail both of them.**
- 4. Part A shall carry 55 marks theory and 25 marks internal assessment.**
- 5. Part B shall carry 20 marks theory.**
- 6. Part C shall carry 20 marks practical.**

**Clarifications of various doubts:**

- 1. A college can opt for A+B as well as A+C. However prior approval must be sought from Department of Commerce for implementing Part C.**
- 2. The internal assessment of 25 marks must be out of Part A only.**
- 3. Examination scheme for Computerized Accounts-- Practical for 20 marks through internal examination. The practical will be for 1 hour through an internal assessment and examination. No external examiner will come for this purpose.**
- 4. The Department has written to the Examination branch to allow for the distribution of both the answer books simultaneously for Part A & B which are to be done in total 3 hours. For part A time allowed will be 2 ½ hours.**

**Special Remarks:**

The paper setters and examiners are requested to strictly follow these guidelines while setting up the question paper. The examiner is requested to ensure that the paper is not only within ambit of guidelines but also takes into account the time taken by the examinee to read the question paper.