

ACCOUNTANCY

Course Structure

Units	Topics	Marks
Part A	Financial Accounting - I	50
1	Theoretical Framework	15
2	Accounting Process	35
Part B	Financial Accounting - II	40
3	Financial Statements of Sole Proprietorship	15
4	Financial Statements of Non-Profits	15
5	Computers in Accounting	10
Part C	Project Work	10
Total		100

Course Syllabus

Part A: Financial Accounting - I

Unit 1: Theoretical Framework

Chapter 1: Introduction to Accounting

➤ Accounting

- Objectives
- Advantages and limitations
- Types of accounting information
- Users of accounting information and their needs

➤ Basic accounting terms

- Business transaction
- Account

- Capital
- Drawings
- Liability (Non - current and current)
- Asset (Non - current; tangible and intangible assets and current assets)
- Receipts (capital and revenue)
- Expenditure (capital, revenue and deferred)
- Expense
- Income
- Profits
- Gains and Losses
- Purchases
- Purchases Returns
- Sales
- Sales Returns
- Stock
- Trade Receivables (debtors and bills receivable)
- Trade payables (creditors and bills payable)
- Goods
- Cost
- Vouchers
- Discount - trade and cash

Chapter 2: Theory Base of Accounting

- Fundamental accounting assumptions:
 - Going concern
 - Consistency
 - Accrual
- Accounting principles:
 - Accounting entity
 - Money measurement

- Accounting period
- Full disclosure
- Materiality
- Prudence
- Cost concept
- Matching concept
- Dual aspect
- Bases of accounting:
 - Cash basis
 - Accrual basis
- Accounting Standards and IFRS (International Financial Reporting Standards):
 - Concept
 - Objectives

Unit 2: Accounting Process

Chapter 3: Recording of Transactions

- Accounting equation:
 - Analysis of transactions using accounting equation
- Rules of debit and credit for:
 - Assets
 - Liabilities
 - Capital
 - Revenue
 - Expenses
- Origin of transactions:
 - Source documents (invoice, cash memo, pay in slip, cheque)
 - Preparation of vouchers - cash (debit and credit) and non-cash (transfer)
- Books of original entry:
 - Format and recording - Journal
- Cash Book:

- Simple Cash Book
- Cash Book with Discount Column
- Cash Book with Bank and Discount Columns
- Petty Cash Book
- Other books:
 - Purchases book
 - Sales book
 - Purchases return books
 - Sales returns book
 - Journal proper

Chapter 4: Preparation of Bank Reconciliation Statement, Ledger and Trial Balance

- Bank reconciliation statement:
 - Calculating bank balance at accounting date
 - Need and preparation
 - Corrected cash book balance
- Ledger:
 - Format
 - Posting from journal
 - Cash book and other special purpose books
 - Balancing of accounts
- Trial balance:
 - Objectives
 - Preparation

Chapter 5: Depreciation, Provisions and Reserves

- Depreciation:
 - concept need and factors affecting depreciation

- Methods of computation of depreciation
- Straight line method
- Written down value method (excluding change in method)
- Accounting treatment of depreciation:
 - By charging to asset account
 - By creating provision for depreciation/ accumulated depreciation account
 - Treatment of disposal of asset
- Provisions and reserves:
 - Concept
 - Objectives
 - Difference between provisions and reserves
- Types of reserves:
 - Revenue reserve
 - Capital reserve
 - General reserve
 - Specific reserves

Chapter 6: Accounting for Bills of Exchange

- Bills of exchange and promissory note:
 - Definition
 - Features
 - Parties
 - Specimen
 - Distinction
- Important terms:
 - Term of bill
 - Due date
 - Days of grace
 - Date of maturity
 - Discounting of bill

- Endorsement of bill
- Bill sent for collection
- Dishonour of bill
- Noting of bill
- Retirement and renewal of a bill
- Accounting treatment of bill transactions

Chapter 7: Rectification of Errors

- Errors:
 - Types-errors of omission
 - Commission
 - Principles
 - 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:
 - Objective
 - Importance
- Profit and loss account:
 - Gross profit
 - Operating profit
 - Net profit
- Balance Sheet:
 - Need

- Grouping
- Marshalling of Assets
- Liabilities
- 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
 - Manager's commission
 - Abnormal loss
 - Goods taken for personal use
 - Goods distributed as free samples
- Preparation of Trading and Profit and Loss Account and Balance Sheet of sole proprietorship
- Incomplete records:
 - Use and limitations
 - Ascertainment of profit/loss by statement of affairs method

Unit 4: Financial Statements of Not-for-Profit Organizations

- Not-for-profit organizations: concept
- Receipts and Payment account: features
- Income and Expenditure account
 - Features
 - Preparation of Income and Expenditure account and Balance Sheet from the given Receipts and Payments account with additional information

Scope

- Adjustments in a question should not exceed 3 or 4 in number and restricted to subscriptions, consumption of consumables, and sale of assets/ old material.
- Entrance/ admission fees and general donations are to be treated as revenue receipts.
- Trading Account of incidental activities is not to be prepared.

Unit 5: Computers in Accounting

- Introduction to Computer and Accounting Information System {AIS}:
 - Elements
 - Capabilities
 - Limitations of Computer system
- Introduction to operating software
 - Utility software and application software
 - Introduction to Accounting Information System (AIS), as a part of MIS
- Automation of Accounting Process
- Stages in automation:
 - Accounting process in a computerised environment (Comparison between manual accounting process and Computerised accounting process.)
 - Sourcing of accounting Software (Kinds of software: readymade software; customised software and tailor-made software; Generic Considerations before sourcing accounting software)
 - Creation of Account groups and hierarchy
 - Generation of reports -Trial balance, Profit and Loss account and Balance Sheet.

Scope

- The scope of the unit is to understand accounting as an information system for the generation of accounting information and preparation of accounting reports.

- It is presumed that the working knowledge of Tally software will be given to the students for the generation of accounting software. For this, the teachers may refer Chapter 4 of Class XII NCERT textbook on Computerized Accounting System.

Part C: Project Work

Any One of the following

- Collection of Source Documents, Preparation of Vouchers, Recording of Transactions with the help of vouchers.
- Preparation of Bank Reconciliation Statement with the given cash book and the pass book with twenty to twenty-five transactions.
- Comprehensive project starting with journal entries regarding any sole proprietorship business, posting them to the ledger and preparation of Trial balance. The students will then prepare Trading and Profit and Loss Account on the basis of the prepared trial balance. Expenses, incomes and profit (loss) are to be depicted using pie chart / bar diagram.