

Course Structure (2017-2018)

Total Periods: 240

NOTE!

After comparing the syllabus of 2016 - 17 with that of 2017 - 18, no changes have been found in the syllabus.

THEORY (Total Periods: 210)

Time: 3 Hours

Total Marks: 90

Units		Marks	Periods
Part A : Financial Accounting-I			
1.	Theoretical Frame Work	15	25
2.	Accounting Process	35	95
		50	120
Part B : Financial Accounting-II			
3.	Financial Statements of Sole Proprietorship from Complete and Incomplete records	15	40
4.	Financial Statements of Not-for-Profit Organisations	35	30
5.	Computers in Accounting	10	20
	Theory Paper (Marks-90)	40	90
Part C : Project Work		10	30

Part A: Financial Accounting I

Unit 1: Theoretical Framework

25 Periods

Introduction to Accounting:

- Accounting- concept, objectives, advantages and limitations, types of accounting information; users of accounting information and their needs.
- Basic Accounting Terms- Business transaction, account, capital, drawings, liabilities

(non-current and current); assets (non-current and current) fixed assets (tangible and intangible assets), receipts (capital and revenue), expenditure (capital, revenue and deferred), expense, income, profits, gains and losses, purchases, purchases returns, sales, sales returns, goods, stock, inventory, trade receivables (debtors and bills receivable), trade payables (creditors and bills payable), cost, vouchers, discount - trade and cash.

Theory Base of Accounting-

- Fundamental accounting assumptions- Going concern, consistency and accrual.
- Accounting principles- accounting entity, money measurement, accounting period, full disclosure, materiality, prudence, cost concept, matching concept and dual aspect.
- Accounting Standards and IFRS (International Financial Reporting Standards)- concept and objectives
- Double entry system of accounting.
- Bases of accounting- cash basis and accrual basis.

Unit 2: Accounting Process

95 Periods

Recording of Transactions:

- Accounting equation- Analysis of transactions using accounting equation.
- Rules of debit and credit- For assets, liabilities, capital, revenue and expenses.
- Origin of transactions- Source documents/ supporting vouchers (invoice, cash memo, pay in slip, cheque etc.), debit note, credit note, preparation of accounting vouchers - cash (debit and credit) and non cash (transfer).
- Books of original entry- format and recording - Journal.
- Cash book- Simple cash book and cash book with bank column petty cash book.
- Other books- Purchases book, sales book, purchases returns book, sales returns book and journal proper.

Preparation of Bank Reconciliation Statement, Ledger and Trial Balance:

- Bank reconciliation statement- Concept, calculating bank balance at an 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 and preparation (Scope: Trial balance with balance method only)

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 and difference between provisions and reserves; types of reserves- revenue reserve, capital reserve, general reserve and specific reserves.

Accounting for Bills of Exchange

- Bills of exchange and promissory note- Definition, features, parties, specimen and distinction.
- Important terms- Term of bill, due date, days of grace, date of maturity, discounting of bill, endorsement of bill, bill sent for collection, dishonor of bill, noting of bill, retirement and renewal of a bill.
- Accounting treatment of bill transactions.

Rectification of Errors

- 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 from Complete and Incomplete****Records****40 Periods**

- Financial statements- Objective and importance.
- Trading and Profit and Loss Account gross profit, operating profit and net profit.
- Balance sheet- Need, grouping, marshalling of assets and 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, abnormal loss, goods taken for personal use, goods distributed as free samples and manager's commission.

- Preparation of Trading and Profit and Loss account and Balance Sheet of sole proprietorship.
- Incomplete records- uses and limitations.
- Ascertainment of profit/loss by statement of affairs method.

Unit 4: Financial Statements of Not-for-Profit Organisations**30 Periods**

- Not-for-profit organisations- Concept.
- Receipts and Payments Account- Features and preparation.
- 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:**
 - i. 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.
 - ii. Entrance/admission fees and general donations are to be treated as revenue receipts.
 - iii. Trading Account incidental activities is not to be prepared.

Unit 5: Computers in Accounting**20 Periods**

- Introduction to computer and accounting information system (AIS)- Introduction to computers (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 Management Information System.
- Automation of accounting process: meaning
- Stages in automation: (a) Accounting process in a computerised environment; comparison between manual accounting process and computerised accounting process, (b) Sourcing of accounting software; kinds of software: readymade software; customised software and tailor-made software; generic considerations before sourcing accounting software (c) creation of account groups and hierarchy (d) generation of reports - trial balance, profit and loss account and balance sheet.
- **Scope:**
 - i. The scope of the unit is to understand accounting as an information system for the generation of accounting information and preparation of accounting reports.
 - ii. It is presumed that the working knowledge of any appropriate accounting software will be given to the students to help them learn basic accounting operations on computers.

Part C: Project Work**30 Periods**

- 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 of any sole proprietorship business. This may state with journal entries and their ledgering, preparation of Trial balance. Trading and Profit and Loss Account and Balance Sheet. Expenses, incomes and profit (loss), assets and liabilities are to be depicted using pie chart/bar diagram.

Comprehensive Project

It is suggested to undertake this project after completing the unit on preparation of financial statements. The student(s) will be allowed to select any business of their choice or develop the transaction of imaginary business. The project is to run through the chapters and make the project an interesting process. The amounts should emerge as more realistic and closer to reality.

Specific Guidelines for Teachers

Give a list of options to the students to select a business form. You can add to the adjoining list:

A beauty parlour	Men's wear	A coffee shop
Men's saloon	Ladies wear	A music shop
A tailoring shop	Kiddies wear	A juice shop
A canteen	A sareeshop	A school canteen
A cake shop	Artificial jewellery shop	An ice cream parlour
A confectionery shop	A small restaurant	A sandwich shop
A chocolate shop	A sweet shop	A flower shop
A dry cleaner	A grocery shop	
A stationery shop	A shoe shop	

After selection, advise the student (s) to visit a shop in the locality (this will help to settle on a realistic amount different items. The student (s) would be able to see the things as they need to invest in furniture, decor, lights, machines, computers etc.

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A suggested list of different item is given below.

Rent	Advance rent (appr. 3 months)	Electricity deposit
Electricity bill	Electricity fitting	Water bill
Water deposit	Water fittings	Telephone bill
Telephone deposit	Telephone instrument	Furniture
Computers	Internet connection	Stationery
Advertisements	Glow sign	Hoarding
Prayer portion	Newspaper and magazines	Petty expenses
Tea expenses	Packaging expenses	Transport
Delivery cycle/a vehicle purchased	Registration	Insurance
Auditors fee	Maintenance	Repairs
Air conditioners	Fans and lights	Interior decorations
Refrigerators	Purchase and sales	

At this stage performas of bulk of originality and ledger may be provided to the students and they may be asked to complete the same. In the next step the students are expected to prepare the trial balance and the financial statements.

QUESTION WISE BREAK UP

Type of Question	Mark per Question	Total No. of Questions	Total Marks
VSA	1	6	06
SA – I	3	6	18
SA – II	4	5	20
LA – I	6	5	30
LA – II	8	2	16
Total		24	90 + 10 (Theory + project) = 100

Note: Scheme of options: All questions carrying 8 marks will have internal choice.

Note: The Board has introduced Learning Outcomes in the syllabus to motivate students to constantly explore all levels of learning. However these are only indicative. These do not in any way restrict the scope of questions being asked in the examinations. The examination questions will be strictly based on the prescribed question paper design and syllabus.