

B.Com. (Hons.): Semester-IV

GE-2

BCM472: BASICS OF ACCOUNTING

Teaching Scheme	Examination Scheme
Lectures: 4 hrs/Week	Class Test – 12 Marks
Tutorials: 1 hr/Week	Teachers Assessment – 6 Marks
Credits: 5	Attendance – 12 Marks
	End Semester Exam – 70 Marks

Course Objective

This course provides students a firm foundation in basic accounting concepts and methodology and also acquaints them with the changes taking place in the preparation and presentation of financial statements in accordance to the applicable accounting standards and relevant Acts.

Course Learning Outcomes

After completing the course, the student shall be able to:

- CO1: gain an understanding of theoretical framework of accounting.
- CO2: explain the concept of accounting equation and accounting process.
- CO3: develop understanding of depreciation and inventory.
- CO4: understand financial statements of a company.
- CO5: state the meaning, objectives and significance of different types of ratios.
- CO6: analyze the financial statements of the entity by applying accounting ratios.

Unit I: Introduction to Accounting

Accounting: concept, objectives, advantages and limitations, types of accounting information, users of accounting information and their needs. Qualitative Characteristics of Accounting Information, Basic Accounting Terms- Business Transaction, Capital, Drawings, Liabilities (Non-Current and Current), Assets (Non-Current, Current); Fixed assets (Tangible and Intangible), Expenditure (Capital and Revenue), Expense, Income; Profit, Gain, Loss, Purchase, Sales, Goods, Stock, Debtor, Creditor, Voucher, Accounting Concepts, Principles and Conventions, Introduction to financial accounting standards, System of Accounting. Basis of Accounting: cash basis and accrual basis.

Unit II: Concepts Related to Income Determination

Voucher and Transactions: Source documents and Vouchers, Rules of Debit and Credit. Recording of Transactions: Books of Original Entry- Journal, Special Purpose books: Cash Book: Simple, cash book with bank column and petty cashbook (simple practical problems), Purchases book, Sales book, Purchases return book, Sales return book (theory only), Bank Reconciliation Statement: Need and preparation, Trial balance: Objectives and preparation, preparation of trading, profit & loss account and Balance sheet of sole proprietorship concerns.

Unit III: Business Income

Depreciation: Concept, Features, Causes, factors affecting depreciation. Other similar terms: Depletion and Amortisation. Methods of Depreciation: Straight Line Method (SLM) Written Down Value Method (WDV) (Excluding change of method), Difference between SLM and WDV; Advantages of SLM and WDV. Inventory Valuation: Meaning, Significance of inventory Valuation, Inventory record systems: Periodic and

perpetual, Methods: FIFO, LIFO and Weighted Average.

Unit IV: Financial Statements of companies

Understanding and reading financial statement of companies.

Unit V: Financial Statement Analysis

Objectives, importance and limitations; Accounting Ratios: Meaning, Objectives, classification and computation. (Simple numerical only).


Suggested Readings

- Grewal, T S. Introduction to Accounting. S Chand and Company, New Delhi.
- Monga, J R. Basic Corporate Accounting. Mayur Publication, New Delhi.
- Monga, J.R. Basic Financial Accounting. Mayur Publication, New Delhi.
- Sehgal, Ashok & Deepak Sehgal. Fundamentals of Financial Accounting. Taxmann, New Delhi.

Additional Readings

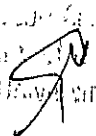
- Charles T Horngren, Gort L. Sundem, John A. Elliot and Donna R Philbrick. Introduction to Financial Accounting, Pearson.
- Leonardo, A. Robinson, James R. Qanis, C. Wayne Alderman, Accounting Information Systems: A cycle Approach. Publisher Wiley
- Marshall, B Romney and Paul, John Steinbart, Accounting Information Systems, Pearson Education Limited.
- Robert, L. Hurt, Accounting Information Systems: Basic Concepts and Current Issues, McGraw Hill.

Note: Latest edition of readings may be used.


Head
Department of Commerce
Faculty of Management
Invertis University, Bareilly (UP)

Registrar




60