

Foundation Course Study Material

Paper 1

Accounting

(Relevant for May, 2026 Examination)

Module – 1



**BOARD OF STUDIES
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**

SYLLABUS

PAPER – 1: ACCOUNTING

(One Paper – Three Hours – 100 Marks)

Objective:

To develop an understanding of the basic concepts and principles of accounting and apply the same in preparing financial statements and simple problem solving.

Contents:

1. Theoretical framework

- (i) Meaning and Scope of accounting
- (ii) Accounting Concepts, Principles and Conventions
- (iii) Capital and revenue expenditure, Capital and revenue receipts, Contingent assets and contingent liabilities
- (iv) Accounting Policies
- (v) Accounting as a Measurement Discipline – Valuation Principles, Accounting Estimates.
- (vi) Accounting Standards – Concepts and Objectives.

2. Accounting Process

- (i) Recording accounting transactions: principles of double entry book- keeping, books of original entry - journal, subsidiary books, cash book, ledger-format, posting from journal and subsidiary books, balancing of accounts
- (ii) Preparation of Trial Balance
- (iii) Rectification of Errors.

3. Bank Reconciliation Statement

Introduction, reasons, preparation of Bank Reconciliation Statement.

4. Inventories

Meaning, Basis and technique of inventory valuation, Cost of Inventory, Net Realizable value and Record System.

5. Depreciation and Amortisation

Tangible and Intangible Assets - Meaning and difference, concepts, methods of computation and accounting treatment of depreciation/ amortisation, change in depreciation method.

6. Bills of Exchange and Promissory Notes

Meaning of Bills of Exchange and Promissory Notes and their accounting treatment; Accommodation Bills.

7. Final accounts of Sole Proprietors

Elements of financial statements, Closing Adjustment Entries, Trading Account, Profit and Loss Account and Balance Sheet of Manufacturing and Non-manufacturing entities.

8. Financial Statements of Not-for-Profit Organizations

Significance and preparation of Receipt and Payment Account, Income and Expenditure Account and Balance Sheet, difference between Profit and Loss Account and Income and Expenditure Account.

9. Accounts from Incomplete Records (excluding preparation of accounts based on ratios)**10 Partnership and LLP Accounts**

- (i) Final Accounts of Partnership Firms and LLPs
- (ii) Admission, Retirement and Death of a Partner including Treatment of Goodwill
- (iii) Dissolution of partnership firms and LLPs including piecemeal distribution of assets.

11. Company Accounts

- (i) Definition of shares and debentures
- (ii) Issue of shares and debentures, forfeiture of shares, re-issue of forfeited shares
- (iii) Redemption of preference shares and debentures (excluding purchase and redemption of own debentures and sinking fund method)
- (iv) Accounting for Bonus Issue and Right Issue