

# SYLLABUS

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## 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. Preparation of 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