# ACCOUNTANCY

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## Course Syllabus

### Part A: Accounting for Partnership Firms and Companies

#### Unit 1: Accounting for Partnership Firms

- **Partnership:**
  - Features
  - Partnership Deed
- **Provisions of the Indian Partnership Act 1932 in the absence of partnership deed**
- **Fixed v/s fluctuating capital accounts**
- Preparation of Profit and Loss Appropriation account - division of profit among partners, guarantee of profits
- Past adjustments (relating to interest on capital, interest on drawing, salary and profit sharing ratio)
- Goodwill: nature, factors affecting and methods of valuation - average profit, super profit and capitalization

**Accounting for Partnership firms - Reconstitution and Dissolution**

- Change in the Profit Sharing Ratio among the existing partners:
  - Sacrificing ratio
  - Gaining ratio
  - Accounting for revaluation of assets and reassessment of liabilities and treatment of reserves and accumulated profits
  - Preparation of revaluation account and balance sheet

- Admission of a partner:
  - Effect of admission of a partner on change in the profit sharing ratio
  - Treatment of goodwill (as per as 26)
  - Treatment for revaluation of assets and reassessment of liabilities
  - Treatment of reserves and accumulated profits
  - Adjustment of capital accounts and preparation of balance sheet

- Retirement and death of a partner:
  - Effect of retirement / death of a partner on change in profit sharing ratio
  - Treatment of goodwill (as per as 26)
  - Treatment for revaluation of assets and reassessment of liabilities
  - Adjustment of accumulated profits and reserves
  - Adjustment of capital accounts and preparation of balance sheet
  - Preparation of loan account of the retiring partner
  - Calculation of deceased partner’s share of profit till the date of death
  - Preparation of deceased partner’s capital account
  - Executor’s account and preparation of balance sheet

- Dissolution of a partnership firm:
  - Types of dissolution of a firm
Settlement of accounts - preparation of realization account, and other related accounts
Capital accounts of partners and cash/bank a/c (excluding piecemeal distribution, sale to a company and insolvency of partner(s))

Unit-2 Accounting for Companies

Accounting for Share Capital

➢ Share and share capital:
  • Nature
  • Types
➢ Accounting for share capital:
  • Issue and allotment of equity shares
  • Private placement of shares
  • Employee Stock Option Plan (ESOP)
  • Public subscription of shares - over subscription and under subscription of shares
  • Issue at par and at premium
  • Calls in advance and arrears (excluding interest)
  • Issue of shares for consideration other than cash
➢ Accounting treatment of forfeiture and re-issue of shares
➢ Disclosure of share capital in company’s Balance Sheet.

Accounting for Debentures

➢ Debentures:
  • Issue of debentures at par, at a premium and at a discount
  • Issue of debentures for consideration other than cash
  • Issue of debentures with terms of redemption
  • Debentures as collateral security-concept, interest on debentures
➢ Redemption of debentures:
• Lump sum, draw of lots and purchase in the open market (excluding ex-interest and cum-interest)
• Creation of Debenture Redemption Reserve

Part B: Financial Statement Analysis

Unit 3: Analysis of Financial Statements

➢ Financial statements of a company:
  • Statement of Profit and Loss and Balance Sheet in the prescribed form with major headings and sub headings (as per Schedule III to the Companies Act, 2013)

➢ Financial Statement Analysis:
  • Objectives
  • Importance
  • Limitations

➢ Tools for Financial Statement Analysis:
  • Comparative statements
  • Common size statements
  • Cash flow analysis
  • Ratio analysis

➢ Accounting Ratios:
  • Objectives
  • Classification
  • Computation

➢ Liquidity Ratios:
  • Current ratio
  • Quick ratio

➢ Solvency Ratios:
  • Debt to Equity Ratio
  • Total Asset to Debt Ratio
  • Proprietary Ratio
  • Interest Coverage Ratio
Activity Ratios:
- Inventory Turnover Ratio
- Trade Receivables Turnover Ratio
- Trade Payables Turnover Ratio and Working Capital Turnover Ratio

Profitability Ratios:
- Gross Profit Ratio
- Operating Ratio
- Operating Profit Ratio
- Net Profit Ratio and Return on Investment

Unit 4: Cash Flow Statement

- Meaning
- Objectives
- Preparation (as per AS 3 (Revised) (Indirect Method only)

Part B: Computerised Accounting

Unit 3: Computerised Accounting

- Overview of Computerised Accounting System:
  - Introduction: Application in Accounting
  - Features of Computerised Accounting System
  - Structure of CAS
  - Software Packages: Generic; Specific; Tailored

- Accounting Application of Electronic Spreadsheet:
  - Concept of electronic spreadsheet
  - Features offered by electronic spreadsheet
  - Application in generating accounting information - bank reconciliation statement; asset accounting; loan
  - repayment of loan schedule, ratio analysis
  - Data representation - graphs, charts and diagrams

- Using Computerized Accounting System
• Steps in installation of CAS, codification and Hierarchy of account heads, creation of accounts
• Data: Entry, validation and verification
• Adjusting entries, preparation of balance sheet, profit and loss account with closing entries and opening entries
• Need and security features of the system

➢ Database Management System (DBMS)
  • Concept and Features of DBMS
  • DBMS in Business Application
  • Generating Accounting Information – Payroll