

ACCOUNTANCY SECOND YEAR

1st Elective (Compulsory) Paper – II

To enable the students to understand and analyze the financial Statements of Profit & Non-Profit Making Organizations.

To help the students in understanding the concepts and applications of depreciation

To develop an understanding about Accounting from Incomplete Records and its application;

To help the students in learning the process of accounting for reconstitution and dissolution of partnership firms; and

To help students understand the concept of accounting for companies specially about issue of shares and debentures;

Course Inputs:

Unit-I

Financial Statements of Sole Trade:

Sole Trade form of Organization Meaning, objectives and importance of preparing Trading, Profit and Loss Account and Balance sheet, Preparation of Trading, Profit and Loss and Balance Sheet of sole trader without and with adjustments relating to closing stock, outstanding expenses, prepaid expenses, accrued income, income received in advance, depreciation and bad debts, provision for doubtful debts, provision for discount on debtor, creditor, manager's commission, goods distributed as free samples and goods taken by the owner for personal use, abnormal loss, interest on capital and drawings.

Not for Profit organizations:

Meaning, objectives, necessity, treatment of some important items such as legacy, donations, entrance fees, life membership fees, sale of assets, sale of old news paper, subscription, endowment fund, honorarium, expenses relating to a specific fund, Receipts and Payments Accounts: meaning, features, differences between Receipts and Payments Account and Cash Book, Income and Expenditure Accounts: meaning, features, difference between Income and Expenditure account and Profit and Loss account, Preparation of Income and Expenditure Account and Closing Balance Sheet.

Unit-II

Accounting for Depreciation:

Meaning, need, causes, objectives and characteristics of depreciation, Methods of Charging Depreciation- Simple depreciation method and provision for depreciation method, Method of calculating depreciation: Straight Line and Written down Value method

Accounting from Incomplete Records (Single Entry System);

Meaning, characteristics and limitations of single entry system, Difference between single entry and double entry system, Difference between balance sheet and statement of affairs, Ascertainment of profit and loss by the statement of affairs method only.

Unit - III Accounting for Partnership Firm:

Meaning, Features, Partnership Deed and Provisions of Partnership act 1932 in the absence of partnership deed, Fixed vs. Fluctuating Capital accounts, preparation of Profit and Loss Appropriation A/c. Goodwill - Meaning, nature and Factors affecting Goodwill, Methods of Valuation of Goodwill (Average profit, super profit method and capitalization method).

Reconstitution of partnership firm - Meaning, Circumstances Leading to Reconstitution Change in Profit Sharing Ratio, Sacrificing Ratio, Gaining Ratio, Accounting for revaluation of assets and liabilities and distribution of reserves and accumulated profits and loss. Admission of a Partner - Simple Problems without Adjustment of Capital

Unit - IV Accounting for Companies:

Accounting for Companies:

Accounting for Share Capital : Shares and share capital: Nature and types as per Companies Act, 2013. Issue of Shares at par, Premium and Discount, Calls in Advance, Calls in Arrear over subscription and under subscription of shares, Accounting for Forfeiture of Shares and re-issue of shares, Disclosure of share capital in companies' balance sheet (Vertical Format).

Accounting for Debenture :

Issue of debentures at par, at premium and at discount and Issue of debentures for consideration other than cash.

Unit - V Project Work with Viva:

Suggested Areas for Project Work:

1 Collection of source documents, preparation of vouchers, recording of transactions with the help of vouchers;

1 Preparation of Bank Reconciliation Statement with the given cash book and the pass book with ten to fifteen transactions;

1 Comprehensive project starting with journal entries regarding any sole proprietorship business, posting them to the ledger and preparation of Trial balance; The students will then prepare Trading and Profit and Loss Account and Balance Sheet on the basis of the prepared trial balance. Expenses, incomes and profit (loss), assets and liabilities are to be depicted using pie chart/bar diagram.