

Course Title: Financial Accounting				
Course code:	No. of credits: 4	L-T-P: 42-18-00	Learning hours: 60	
Pre-requisite course code and title (if any):				
Department: Policy and Management Studies				
Course coordinator:			Course instructor:	
Contact details:		Course offered in: Semester 1		
Course type: Core				
Course description: The subject “Financial Accounting” aims at introducing the student to the general aspects of the accounting language, its concepts, conventions and uses by different stakeholders. It also explains the complete accounting process, preparation of different types of accounts and statements, and make students aware of the different accounting problems faced by the business.				
Course objectives:				
<ul style="list-style-type: none"> ◦ To understand the general purposes and functions of accounting ◦ To describe the main elements and terms of financial accounting information used in the business like assets, liabilities, revenue, expenses, PAT, EBIT etc ◦ To understand and apply the process of maintaining accounts for a business, from journal to final accounts ◦ To understand and solve the inventory and depreciation accounting problems ◦ To identify the main financial statements, their purpose and reading of financial statements of a real time company ◦ To prepare profit and loss account, balance sheet and cash flow statements 				
Course Content				
Module	Topic	L	T	P
1.	Nature and purpose of accounting: What Is Accounting? purpose and importance of accounting, its relationship to business, role of accounting information in making an economic decision, users of accounting information, important accounting terms like assets, liabilities, income, expense, EBIT, PAT etc, introduction to the three main financial statements, accounting concepts and principles- application of different accounting concepts and conventions, Indian Accounting Standard, Generally Accepted Accounting Principles (GAAP), accounting equation , introduction to accounting process	4	1	0
2.	First stage of accounting process: Recording in the Journal Identifying the business transaction, rules of debit and credit, entering these transactions into the journal in a precise format by passing journal entries , passing opening and closing entries, introduction to subsidiary books	4	4	0
3.	Second stage of accounting process: Journal to Ledger Introduction to ledger, its purpose, format of the ledger, posting all the journal entries into the ledger and balancing each ledger, cash account and different types of cash account	3	1	0

4.	Third stage of accounting process: Ledger to Trial Balance Introduction to Trial balance, its purpose, format of Trial Balance, posting of all the ledgers balance into the trial balance , how Trial Balance serves as a summary of debits and credit balance	2	1	0
5.	Capital and revenue expenditure and receipts: Introduction to capital expenditure, revenue expenditure, deferred revenue expenditure, capital receipt, revenue receipt-its meaning, purpose in business with suitable examples	2	0	0
6.	Depreciation and Amortisation Introduction to depreciation, purpose of charging depreciation on non-current assets, depreciable assets, methods of charging depreciation, change in the method of depreciation , disposal of non-current assets, revaluation of non-current assets and depreciation, treatment of depreciation as per Income tax act and Company's Act, accounting standard of depreciation	4	1	0
7.	Bank reconciliation statement Introduction, causes of difference between the two balances, methods of reconciliation, preparation of bank reconciliation statement	3	1	0
8.	Rectification of errors Introduction, different types of errors, trial balance and errors, errors not disclosed by trial balance, rectification of errors at different stages-before preparation of trial balance, after preparation of trial balance but before preparation of final accounts, after preparation of final accounts, suspense account	3	1	0
9.	Inventory accounting Introduction, types of inventory, inventory accounting and its objectives, methods of inventory systems like LIFO, FIFO etc	3	1	
10.	Final accounts (without and with adjustments) Introduction to profit and loss account, format of profit and loss account, explanation of items appearing in the profit and loss account, calculation of gross profit and net profit, introduction to balance sheet, format of balance sheet(horizontal and vertical), explanation of items appearing in balance sheet, marshalling of balance sheet, balancing of assets and liabilities, preparation of final accounts without adjustments , explanation of various adjustments given outside the trial balance, preparation of final accounts with adjustments	7	5	0
11.	Cash flows statements Introduction, uses of cashflow statements, objectives of preparing cash flow statements, methods of preparing cash flow statements , format of cash flow statement as per the accounting standard, limitations of cash flow statement	3	2	
	Final accounts of a company Introduction of all the financial statements of a company i.e balance sheet, statement of profit and loss, statement of changes in equity, cashflow statement, format of financial statement as per Accounting standard, features of the company's financial statements, understanding the interlinkage between the financial statements,	4	0	

	explaining the financial statements of a real time company(Asian paints)			
	Total (in hours)	42	18	0
Evaluation criteria:				
1. Minor 1 Exam – 30%				
2. Minor 2 Exam (Case Analysis/Assignment/Presentation) – 30%				
3. Major Exam – 40%				
Minor 1 Exam (at the end of module 4)				
Structure: The students will be quizzed from the first four modules of the course.				
Minor 2 Exam (at the end of module 7)				
Structure:				
Major Exam (End-Term Exam; at the end of all modules)				
This will be an exam based on all the modules covered in the class.				
➤ Learning outcomes:				
➤ Analyze the accounting process of a business unit				
➤ Prepare final accounts of a sole proprietor				
➤ Read the financial statements of a real time company				
➤ Analyse the items of financial statements of a real time company				
Materials				
Suggested readings				
<ul style="list-style-type: none"> • Financial Accounting for BBA, 2/e, published by Vikas Publishing • Dr S N Maheshwari, CA Sharad K Maheshwari & Dr Suneel K Maheshwari 				
Additional readings				
Introduction to Financial Accounting, 11th edition, Published by Pearson				
<ul style="list-style-type: none"> • Charles Horngren Edmund W. Littlefield Professor Emeritus of Accounting at Stanford University • Gary L. Sundem University of Washington • John A. Elliott Baruch College, The City University of New York • Donna Philbrick University of Washington 				
Pedagogical approach:				
Problem solving using Ms Excel				
Case study method,				
Flip-flop method(at certain places),				
Real time scenarios discussion (picking up Asian paints company’s financials)				
Additional information:				
Student responsibilities:				
Students will be involved in continuous assessments using quizzes, assignments, viva,				

group presentation(picking up real time companies), and
written exam

Course Prepared by: Dr. Silky Kushwaha

Course Reviewer(s):

- Dr. Shikha Shrivastav, Associate Professor, Bennett University
- Dr. Ashima Arora, Assistant Professor, Arun Jaitley National Institute of Financial Management.