

MCM5012

BASICS OF ACCOUNTING

Course Code	MCM5012	Semester	II
Course Title	<i>BASICS OF ACCOUNTING</i>		
Credits	3	Type	ELECTIVE

This course shall have 3 lecture hours, 2 practicals, 1 tutorial.

This is a Skill based, employability based, and entrepreneurship skill based course.

Course Objective

- Define and explain the relationship among the basic accounting concepts of assets, liabilities, stockholder's equity, income and expenses.
- Explain the relationship among the financial statements.

Learning Objectives

- To understand the meaning accounting and accountancy.
- To understand the terms used in accounting system.
- To give an insight into the basics of Accounting Concepts and Principles.
- To enable the students to prepare, analyse and interpret financial statements.
- To understand and explain the conceptual framework of Accounting
- To prepare accounts for various entities under different situations

Course Structure

UNIT I:

Accounting an introduction: meaning – concept of accounting – functions of accounting - accounting conventions accounting Concepts-Types of accounting information-users of accounting information-role of accounting in business-basic accounting terms -Money Measurement Concept, Entity Concept, Going Concern Concept, Cost Concept, Dual Aspect Concept, Accrual Concept, Conservatism, Materiality Concept, Consistency concept, and accounting conversions.

UNIT II:

Documentation and recording of business transactions: classifying and summarization of business transactions – journal – subsidiary books – ledger - cash book - trial balance – problems-books of original entry-journal-subsiary books-posting from journal and subsidiary books-ledger

UNIT III:

Trial balance and Rectification of Errors: Trial balance: objectives and preparation. Errors: types- errors of omission, commission, principles, and compensating; their effect on Trial Balance. Detection and rectification of errors; preparation of suspense account.

UNIT IV:

Financial Statements: Meaning, objectives and importance; Revenue and Capital Receipts; Revenue and

Capital Expenditure; Deferred Revenue expenditure. Preparation of Trading and Profit and Loss account and Balance Sheet of a sole proprietorship with adjustments.

Practicals

- Evaluate the financial statements of MSME companies on the basis of journal subsidiary books – ledger - cash book – trialbalance
- Analyse Trading and Profit and Loss account and Balance Sheet of soleproprietorship.
- Compare Revenue and Capital Receipts; Revenue and Capital Expenditure; Deferred Revenueexpenditure of corporates in service sector.

Skills

- Students will be able to evaluate value the importance of various ledger accounts in a financialstatement.
- Students will be critically evaluate role of accounting inbusiness
- Students will be analyse the impact of various errors in a financialstatement.
- Students will be able to visualize the problems in posting from journal and subsidiary books.

Learning/Course Outcomes

- Acquire conceptual knowledge of basics ofaccounting.
- Develop basic understanding on accounting concepts, principles, andframeworks.
- Develop the skill of recording financial transactions and preparation of reports in accordance withGAAP.
- Equip with the knowledge of accounting process and preparation of final accounts of sole trader.
- Identify why accounting is a necessaryskill
- Identify and describe assets, liabilities and owners'equity
- Recognize and compare the major financialreports
- Compare and contrast a company's revenue, expense, income and retainedearnings
- To know what to expect inaudit

Books for Reference:

1. Ambariash Gupta, Financial Accounting of Management—PearsonsEducation
2. Anthony, Accounting principles—IrwinPublishers
3. Ashoka Banerjee, Financial accounting—Excel publications, NewDelhi,
4. Dr. V.K.Goyal, Corporate Accounting—Excel books
5. Jawahar Lal and Seema Srivastava: Financial Accounting Principles and Practices: S ChandPublications.
6. NK Guptha&VidhuBansal, Accounting for Managers, , International BookHouse.
7. P C Tulsian : Financial Accounting:Pearson.

8. Pru Marriott & J R Edwards, Introduction to Accounting—Sage Publications
9. Rajni Sofat and Preeti Hiro: Basic Accounting: PHI
10. S P Jain and K L Narang: Principles of Accountancy: Kalyani Publisher