**B.COM**

**SEMESTER I**

**Financial Accounting (CC 2)**

**(100 Marks – 60 Lectures)**

**Objectives:**

* **To acquaint the students on the practical aspects of single entry and depreciation accounting.**
* **To familiarize the students with advanced accounting procedures for equity and preference shares**

**Unit I Single Entry (20 Marks – 12 Lectures)**

Meaning, features, advantages, limitations, difference between single entry system and double entry system. Computation of profit or loss under Singe entry system–under Conversion Method. Preparation of Total Debtors Account, Total Creditors Account, Bills Receivable Account, Bills Payable Account, Trading and Profit &Loss Account and Balance Sheet.

**Unit II Depreciation Accounting (20 Marks – 14 Lectures)**

Meaning, causes, need for providing depreciation, AS 6, Methods of depreciation.

Methods of depreciation for practical problems:

1. Change in Method of depreciation ( from Straight Line Method to Reducing Balance Method or vice-versa)
2. Sinking Fund Method
3. Insurance Policy Method

Methods for depreciation for theory only:

1. Annuity Method
2. Machine Hour Rate Method
3. Service Hour Method
4. Depletion Method
5. Revaluation Method
6. Sum of Digits Method

**Unit III : Issue and Buy-Back of Equity Shares (40 marks, 22 Lectures)**

1. **Issue of Shares:** Meaning, Kinds of Shares, terms of issues, SEBI guidelines of issue of shares, accounting entries, issue of shares at par and at premium. Under subscription, Oversubscription, pro rata allotment. Calls in arrears, calls in advance, and interest on calls in advance. Forfeiture and re-issue of forfeited shares. Issue of bonus shares and right shares, Book building process (Only theory)
2. **Buy-Back of Equity Shares**

Company Law/ Legal Provisions and SEBI guide lines (including related restrictions, power, Notice of the meeting, transfer to capital redemption reserve account and prohibitions of buy back and financial assistance), Compliance of conditions including sources, maximum limits. Accounting for buy back of shares.

**Unit IV: Redemption of Preference shares (20 marks, 12 Lectures)**

Company Law / Legal Provisions for redemption of preference shares in Companies Act. Sources of redemption including divisible profits and proceeds of fresh issue of shares. Redemption of shares at Par and Premium. Capital Redemption Reserve Account, Bonus issue. Journal entries and the relevant items in the balance sheet

**References:**

1. Jain, & Narang. *Advanced Accountancy.* New Delhi: Kalyani Publishers.
2. Mukherjee, A., & Hanif, M. (2002). *Modern Accountancy* (Vol. II). New Delhi: Tata McGraw Hill.
3. Raman, A. *Advanced Accountancy.* New Delhi: Himalaya Publishing House.
4. Shukla, M. C., & Grewal, T. S. *Advanced Accounts.* New Delhi: S. Chand & Co .
5. Tulsian, P. C. *Accountancy.* New Delhi: S. Chand & Co.
6. Vinayakam, N., & Charumati, B. *Financial Accounting.* New Delhi: S. Chand.

**Guidelines for Question Paper**

* One question each from Unit I, Unit II, Unit III and Unit IV.
* One additional question from Unit II and Unit III each.