Paper 2: Fundamentals of Accounting (FOA)

Syllabus Structure

ASSESSMENT STRATEGY
On-line MCQ mode

OBJECTIVES
To gain comprehensive understanding of all aspects relating to preparation of financial statements, principles, procedures of accounting and their application to different practical situations

Learning Aims
The Syllabus aims to test the student’s ability to:
- Understand and explain the conceptual framework of Accounting
- Prepare Accounts for various entities under different situations
- Acquire basic concepts of Cost & Management Accounting relevant for managerial decision making

Skill set required
Level A: Requiring the skill levels of knowledge and comprehension

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1. Accounting Process
   (a) Theoretical Framework of Accounting; Generally Accepted Accounting Principles, Concepts and Conventions
   (b) Capital and Revenue transactions- capital and revenue expenditures, capital and revenue receipts
   (c) Measurement, Valuation and Accounting estimates
   (d) Double entry system, Books of prime entry, Subsidiary Books, Cash Book
   (e) Journal, Ledger, Trial Balance
   (f) Rectification of Errors
   (g) Opening entries, Transfer entries, Adjustment entries, Closing entries

2. Bank Reconciliation Statements - basic understanding and application

3. Accounting for Depreciation - methods (Straight Line and Diminishing Balance methods only), computation and accounting treatment

4. Preparation of Final Accounts:
   (a) Of a Profit making concern ( for sole proprietorship concern only)
      (i) Accounting treatment of bad debts, reserve for bad and doubtful debts, provision for discount on debtors and provision for discount on creditors
      (ii) Preparation of Trading Account, Profit & Loss Account and Balance Sheet
   (b) Of a Not-for- Profit making concern
      (i) Preparation of Receipts and Payments Account;
      (ii) Preparation of Income and Expenditure Account
   (c) Under Single Entry and computation of profit (basic level)

5. Accounting for Special Transactions
   (a) Bills of Exchange(excluding accommodation bill, insolvency)
   (b) Consignment (cost price, invoice price, commission & valuation)
   (c) Joint Venture
   (d) Sale of goods on approval or return basis

Section B: Fundamentals of Cost & Management Accounting [20 marks]

6. Fundamentals of Cost Accounting
   (a) Cost and Management Accounting – Generally Accepted Cost Accounting Principles & Cost Accounting Standards
   (b) Accounting for Material cost (including Accounting of Inventory – FIFO, Weighted Average Cost)
   (c) Accounting for Labour costs, Direct Expenses and Overheads
   (d) Computation of works cost

7. Fundamentals of Management Accounting - basic concepts of Marginal Costing and Break-even analysis – basic knowledge