### Module 1 - Accounting Concepts and Conventions

- Accounting conventions and their importance
- Generally accepted accounting principles
- Purpose of financial statements, underlying assumptions for preparation and their qualitative characteristics
- Elements of financial statements—Assets, Liabilities, Equity, Income and Expenses and their recognition and measurement principles
- Introduction to accounting
- Concept of debit and credit
- Double-entry system of book-keeping, including the traditional approach and accounting equation approach
- Developing an accounting equation

### Module 2 - Vouchers, Books of Accounts & Trail balance

- Meaning of Financial Accounting
- Accounting process
- Steps involved in preparation of a Trial Balance ::
  - Preparation of a Voucher
  - Recording a transaction in Journal and Bank book
  - Posting a journal in a Ledger
  - Preparation of an Interim Trial Balance
  - Identification and rectification of errors
  - Preparation of a Bank Reconciliation Statement
  - Preparation of Final Trial Balance

### Module 3 - Reserves, Provisions, Discounts and Accruals

- Reserves and their types
- Accounting Treatment and Disclosure of Reserves
- Provisions and their types
- Accounting Treatment and Disclosure of Provisions
- Prepaid Expenses
- Accounting Treatment and Disclosures for Prepaid Expenses
- Discounts and their types
- Accounting Treatment for Discounts
- Common terms related to Discounts
- Bad Debts
- Accounting Treatment and Disclosure for Bad Debts
- Accruals
- Accounting Treatment and Disclosure for Accruals
- Return Inwards and Return Outwards
- Accounting Treatment and Disclosure for Return Inwards and Return Outwards
# Semester 2

## Module 4 - Final accounts of Sole Proprietor

- Basic concepts which are relevant for preparing Final Accounts
- Trading Account, its objective and the line items which are presented in Trading Account
- Profit and Loss Account, its objective and the line items which are presented in Profit and Loss Account
- Link between Trading Account and Profit and Loss Account
- Balance Sheet, its objective and the line items which are normally presented in Balance Sheet
- Receipt and Payment Account, its objective and the line items which are normally presented in Receipt and Payment Account

## Module 5 - Shares

- Features and types of company
- Meaning, categories and disclosure of share capital
- Types of shares i.e. equity and preference shares
- Process flow for issue of shares
- Issue of shares for cash, consideration other than cash
- Full, Over and Under Subscription of share capital
- Issued at par, premium or discount
- Calls in arrears and calls in advance
- Rights issue and bonus shares
- Meaning of forfeiture of shares
- Forfeiture of shares at par, premium or discount
- Reissue of forfeited shares
- Disclosure of forfeited shares
- Types of buy back of shares along with its accounting treatment
- Accounting treatment of redemption of preference shares

## Module 6 - Fixed Assets

- Meaning of Fixed Assets and its classification
- Concept of Capital and Revenue Expenditure
- Cost of Fixed Assets
  - At initial recognition
  - Subsequent recognition
  - Impact of treatment of capital expenditure as revenue; and vice versa
- Meaning of Depreciation, reasons and its need
- Methods of Recording/Charging Depreciation
- Choice of Method of Depreciation
- Accounting of Profit/Loss on disposal of fixed Assets
- Other Special Accounting Topics
  - Concept of Basket Purchase
  - Depreciation on Low Cost items
  - Self Constructed Assets
  - Exchange of Assets
  - Change in the Method of Depreciation
  - Assets Lost/Stolen/Destroyed
<table>
<thead>
<tr>
<th>Module 7 - Ratio Analysis</th>
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<tbody>
<tr>
<td><strong>Meaning and classification of ratios</strong></td>
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<tr>
<td><strong>Meaning of Liquidity ratios and its classification viz.</strong></td>
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<tr>
<td>- Current ratio</td>
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<tr>
<td>- Quick ratio</td>
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<tr>
<td><strong>Meaning of Profitability ratios and its classification viz.</strong></td>
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<tr>
<td>- Related to sales</td>
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<td>- Related to investments</td>
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<tr>
<td>- Related to equity</td>
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<tr>
<td><strong>Meaning of Solvency ratios and its classification viz.</strong></td>
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<tr>
<td>- Debt equity ratio</td>
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<td>- Total assets to debt ratio</td>
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<td>- Proprietary ratio</td>
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<td>- Interest coverage ratio</td>
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<td><strong>Meaning of Activity ratios and its classification viz.</strong></td>
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<tr>
<td>- Capital turnover ratio</td>
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<tr>
<td>- Fixed assets turnover ratio</td>
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<tr>
<td>- Working capital turnover ratio</td>
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<tr>
<td>- Stock turnover ratio</td>
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<tr>
<td>- Creditors turnover ratio</td>
</tr>
<tr>
<td>- Debtors turnover ratio</td>
</tr>
<tr>
<td><strong>Meaning of Leverage ratios and its classification, viz.</strong></td>
</tr>
<tr>
<td>- Capital gearing ratio</td>
</tr>
</tbody>
</table>
# Module 8 - Revenue Recognition

<table>
<thead>
<tr>
<th>Meaning of revenue</th>
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</thead>
<tbody>
<tr>
<td>Meaning of income</td>
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<tr>
<td>Difference between revenue and income</td>
</tr>
<tr>
<td>Measurement of revenue</td>
</tr>
</tbody>
</table>

Revenue recognition in sale of goods, rendering of services and the use by others of enterprise resources yielding interest, royalties and dividends.

### Specific cases
- Delivery is delayed at buyer's request and buyer takes title and accepts billing
- Delivered subject to conditions
- Subscriptions for publications
- Installment sales
- Trade discounts and volume rebates
- Installation Fees
- Advertising and insurance agency commissions
- Financial service commissions
- Admission fees
- Tuition fees
- Entrance and membership fees

### Other concepts
- Effect of future event on revenue recognition
- Retention money
- Cash Discount
- Credit sales
- Gift vouchers by retail stores
- Gross vs. Net Revenue

### Accounting for sales return
- Bundled contract
- Linked transactions
- Warranty obligations
- Disclosure of revenue

# Module 9 - Construction Accounting

<table>
<thead>
<tr>
<th>Contract Accounting—meaning and application</th>
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<tr>
<td>Meaning of Estimated Profits</td>
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<tr>
<td>Construction Contracts (AS-7) and its objectives</td>
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<tr>
<td>Types of Construction Contracts</td>
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<tr>
<td>Determining Single Contract—Substance over form</td>
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<tr>
<td>Meaning and recognition of Contract Revenues and Contract Costs</td>
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<tr>
<td>Percentage of Completion Method</td>
</tr>
</tbody>
</table>

Illustration of Disclosure Requirements for construction contracts in financial statements
### Module 10 - Lease Accounting

**What is a lease**

**Classification of leases**

**What is meant by non cancellable leases**

**Accounting treatment for finance leases**
- In the books of lessor
- In the books of lessee

**Accounting treatment for operating leases**
- In the books of lessor
- In the books of lessee

**Effect of changes made to in the terms of the lease agreement**

**How to account for initial direct costs incurred**

**Sale and lease back transactions**

**Disclosure of leasing arrangements in the financial statements**

### Module 11 - Fixed Assets

**A fixed asset**

**Applicability and scope of AS-10—“Accounting for fixed assets”**

**Measurement and elements of cost**

**A self constructed fixed asset**

**Accounting treatment for assets acquired for non-monetary consideration**

**Subsequent expenditure incurred on fixed assets—Improvements and repairs**

**Special cases**

**Depreciable assets**

**Factors considered for computing depreciation**

**Methods of charging depreciation**

**Accounting treatment in case of change in method of depreciation and changes in estimated useful life**

**Revaluation of fixed assets**

**Disposal/Retirement of fixed assets**

**Disclosures in financial statements**

### Module 12 - Impairment of Assets

**Impairment of assets**

**Identifying the level at which assets are impaired**

**Cash Generating Units (CGUs)**

**Frequency of impairment testing**

**Indicators of impairment testing**

**Measurement of recoverable amount**

**Recognition and measurement of an impairment loss for individual asset**

**Recognition and measurement of an impairment loss for CGU**

**Reversal of impairment loss**

**Impairment in case of discontinued operations**

**Disclosure requirements relating to impairment**
### Module 13 - Borrowing Cost

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<th>Topic</th>
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<td>Borrowing cost</td>
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<tr>
<td>Qualifying asset</td>
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<tr>
<td>Substantial period of time</td>
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<td>Borrowing costs eligible for capitalisation</td>
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<tr>
<td>Commencement of capitalisation</td>
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<td>Suspension of capitalisation</td>
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<td>Cessation of capitalisation</td>
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<tr>
<td>Types of borrowings</td>
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<td>Impairment of a qualifying asset</td>
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<td>Exchange differences arising from foreign currency borrowings</td>
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<td>Disclosures</td>
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</table>

### Module 15 - Intangible Assets

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<tr>
<th>Topic</th>
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<tbody>
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<td>Meaning of an asset</td>
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<tr>
<td>Meaning of an intangible asset and significant factors distinguishing an intangible asset</td>
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<td>Recognition criteria for an intangible asset</td>
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<td>Significance of control for recognition of an intangible asset</td>
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<tr>
<td>Initial and subsequent measurement of intangible assets covering</td>
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<tr>
<td>• Separate acquisition, acquisition in an amalgamation</td>
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<tr>
<td>• Acquisition as a part of government grant</td>
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<tr>
<td>• Exchange of assets</td>
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<tr>
<td>Internally generated asset including</td>
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<td>• Internally generated goodwill</td>
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<tr>
<td>• Internally generated other intangible assets</td>
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<td>Treatment of expenditure incurred during research and development phase</td>
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<td>Amortisation of intangible assets having finite and indefinite useful lives</td>
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<td>Retirement and disposal of an intangible asset</td>
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<tr>
<td>Disclosures</td>
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</tbody>
</table>
## Module 14 - Inventory

**Meaning of inventory**

**Classification of inventory**

**Significance of valuation of inventory**

**Cost of inventory including cost of purchase, cost of conversion and other costs**

**Methods for measurement of cost:** Specific Identification Method, First in First out Method, Weighted Average Cost Method, Standard Cost Method and Retail Method

**Net Realisable Value**

**Comparison of cost and net realisable value**

**Disclosures in the Financial Statements**

## Module 16 - Provisions & Contingencies

**Meaning of provisions**

**Objective of recognising provisions in the financial statement**

**Factors to be considered for recognition and measurement of provision**

**Initial and subsequent measurement of provisions**

**Other issues – reimbursements, onerous contracts**

**Disclosure requirements for provisions**

**Meaning of contingent liabilities and its disclosure requirements**

**Meaning of contingent assets and its disclosure requirements**

## Module 17 - Foreign Currency Transactions

**Objective and applicability of AS-11 – the effects of changes in foreign exchange rates**

**Important terms**

**Classification for accounting treatment**

- Foreign currency transactions
- Foreign operations
- Forward contracts

**Foreign currency transactions**

- Initial recognition
- Subsequent recognition
- Exchange differences

**Foreign operations**

- Integral foreign operation – translation and recognition of exchange differences
- Non-integral foreign operation – translation, recognition of exchange differences, consolidation and disposal
- Change in classification of foreign operation

**Forward exchange contracts**

- Premium or discount arising at the inception of a forward exchange contract
- Exchange difference on a forward exchange contract
- Cancellation or renewal of a forward exchange contract
- Forward exchange contract held for trading or speculative purposes

**Disclosure**

- Long term foreign currency monetary item
### Module 18 - Income Taxes

**Meaning of Tax Expense**

**Recognition and Measurement**
- Current Tax
- Deferred Tax

**Meaning of Taxable Income**

**Meaning of Accounting Income**

**Difference Between Taxable Income and Accounting Income**

**Meaning of Timing Difference**

**Meaning of Permanent Difference**

**Accounting for Deferred Tax**

**Recognition of Deferred Tax Asset and Deferred Tax Liability with Periodical Review**

**Concept of Tax Holiday**

**Presentation and Disclosure of Deferred Tax**

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### Module 19 - Financial Instruments

**What is a financial instrument**

**Various categories of financial assets and financial liabilities**

**Reclassification of various financial instruments into other financial instrument categories**

**How and when to recognise various financial instruments including initial and subsequent measurement of these instruments**

**When to derecognise a financial asset and a financial liability**
### Module 20 - Preparation of Financial Statements

**Presentation of Balance Sheet**
- Format of Balance Sheet as per Schedule VI
- Notes to Balance Sheet as per Schedule VI

**Presentation of Statement of Profit and Loss**
- Format of Statement of Profit and Loss as per Schedule VI
- Notes to Statement of Profit and Loss as per Schedule VI

**Cash Flow Statement**
- Meaning of Cash and Cash Equivalents
- Presentation of a Cash Flow Statement
  - Cash Flow from Operating Activities
  - Cash Flow from Investing Activities
  - Cash Flow from Financing Activities
- Presentation of Special Items
  - Foreign Currency Cash Flows
  - Extraordinary Items
  - Interest and Dividends
  - Taxes on Income

**Notes to Accounts**
- Notes to Accounts as per Accounting Standard – 1
- Notes to Accounts as per Other Accounting standards

### Module 21 - Accounting Policies, Estimates & Errors

**Events occurring after the balance sheet date and its accounting treatment**

**Disclosure of following items in Net profit and loss for the period**
- Items of income and expense from ordinary activities
- Extraordinary items

**What are prior period items**

**Effects of changes in accounting estimates**

**Effects of changes in accounting policy**

### Module 22 - Consolidation

**Rationale for preparing consolidated financial statements for the group**

**Accounting for subsidiaries (AS-21)**
- Applicability and exemptions from consolidation
- Consolidation procedure and adjustments
- Accounting for taxes on income in consolidated financial statements
- Disclosure requirements

**Accounting for associates (AS-23)**
- Applicability and exemptions from associate accounting
- Accounting for investments in associate using equity method
- Disclosure requirements

**Accounting for joint ventures (AS-27)**
- Applicability and exemptions from joint venture accounting
- Types of joint ventures
- Accounting for interests in joint ventures using proportionate consolidation method
- Disclosure requirements
### Module 23 - Difference Between AS and IFRS

- Presentation of Financial Statements
- Fixed Assets
- Revenue Recognition
- Construction Accounting
- Lease Accounting
- Impairment of Assets
- Borrowing Costs
- Inventories
- Intangible Assets
- Provisions and Contingencies
- Foreign Currency Transactions
- Income Taxes
- Accounting Policies, Estimates, Errors and Events occurring after the Balance Sheet date
- Consolidation
- Other areas
  - Employee Benefits
  - Investment Property

### Module 24 - Sector Centric Accounting policies - IT/Telecom/Retail/manufacturing/Financial Services.

**Critical Accounting Areas for Companies operating in the Information Technology (IT) Sector**

- Key learning’s from excerpts and financial highlights of IT majors like Infosys and iGate (formerly known as Patni Computers Systems Ltd.)

**Critical Accounting Areas for Companies operating in the Telecommunication Sector**

- Key learning’s of Telecom sector through examples
- Excerpts and highlights from a Telecom major: Reliance Communications Limited

**Critical Accounting Areas for Companies operating in the Banking, Financial Services and Insurance sectors**

- Key learning’s from excerpts and financial highlights of majors like ICICI Bank and ICICI Lombard

**Brief discussion on the current state of manufacturing sector challenges in the Indian Economy**

**Practical disclosures found in the financial statements of major manufacturing companies**

**Financial Reporting disclosures from the financial statements of:**

- Maruti Suzuki
- Wipro
- Procter & Gamble

**Major Accounting areas discussed:**

- Revenue Recognition

### Module 25 - Basic Provisions of Income Tax Act

**Structure of the Income Tax Act, 1961**

**Important terms**

**Incomes not included in total income**

**Computation of total income**

**Heads of income**

- Income from salary
- Income from house property
- Income from gains of business or profession
- Income from capital gains
- Income from other sources

**Deductions**

**Income tax authorities**

**Assessment procedures**
### Module 26 - Basic Provisions of Sales Tax

**CST**
- Objects of CST Act
- Basic scheme of CST Act
- Categories of sales
- Incompatibility of VAT and CST
- Documents to title of goods
- Conditions for levying CST
- Registration
- CST chargeable
- Rates of CST
- Tax invoice
- Optional exemption to small dealers
- Optional composition scheme

**VAT**
- Background
- Need for VAT
- Basic features
- Advantages
- Disadvantages

#### Calculation of VAT
- Scope of VAT
- Set-off of tax credit under VAT
- When can credit not be availed:
- Tax relief under VAT
- Rates of taxes under VAT
- Concessions for small dealers
- Composition scheme for dealers
- Variants of VAT
- Methods of computation of VAT

#### Other details
- Records and accounts
- Payment of VAT tax and filing of returns
- Assessment of tax
- Audit of records for VAT

### Module 27 - Basic Provisions of Service Tax Act

- Applicability of service tax
- Registration procedure
- Returns to be filed

### Module 28 - Basic Provisions of Companies Act

- Types of companies
  - On basis of incorporation
  - On basis of liability
  - On basis of number of members
  - On basis of control
  - On basis of ownership
  - Other companies
- Procedure to be followed in incorporation of a company
- Appointment of directors
  - Appointment of first directors
| - Appointment of directors at the Annual General Meeting |
| - Appointment of directors by proportional representation |
| - Appointment of directors by small shareholders |
| - Appointment of additional directors |
| - Appointment of alternate directors |
| - Appointment of directors in case of casual vacancy |
| - Appointment of directors by Central Government |
| - Appointment of directors by third parties |
| **Various filings with Registrar of Companies (ROC)** |
| - Annual return |
| - Balance Sheet and Statement of Profit and Loss |
| - Compliance certificate under section 383A |
| - Other returns to be filed |
| **Audit requirements under Companies Act, 1956** |
| - Financial audit |
| - Cost audit |