

Paper 2

FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING (FFCA)

100 Marks

Module No.	Module Description	Weight
Section A: Fundamentals of Financial Accounting		70%
1	Accounting Fundamentals	30%
2	Accounting for Special Transactions	15%
3	Preparation of Final Accounts	25%
Section B: Fundamentals of Cost Accounting		30%
4	Fundamentals of Cost Accounting	30%

SECTION A: FUNDAMENTALS OF FINANCIAL ACCOUNTING

1. Accounting Fundamentals

- 1.1 Understanding of Four Frameworks of Accounting (Conceptual, Legal, Institutional and Regulatory) and Forms of Organization
- 1.2 Accounting Principles, Concepts and Conventions
- 1.3 Capital and Revenue Transactions - Capital and Revenue Expenditures, Capital and Revenue Receipts
- 1.4 Accounting Cycle – Charts of Accounts and Codification Structure, Analysis of Transaction – Accounting Equation, Double Entry System, Books of Original Entry, Subsidiary Books and Finalisation of Accounts
- 1.5 Journal (Day Books; Journal Proper – Opening, Transfer, Closing, Adjustment and Rectification Entries), Ledger
- 1.6 Cash Book, Bank Book, Petty Cash Book, Bank Reconciliation Statement
- 1.7 Trial Balance
- 1.8 Adjustment Entries and Rectification of Errors
- 1.9 Depreciation (Straight Line and Diminishing Balance Methods only)
- 1.10 Accounting Treatment of Bad Debts and Provision for Doubtful Debts

2. Accounting for Special Transactions

- 2.1 Consignment
- 2.2 Joint Venture
- 2.3 Bills of Exchange (excluding Accommodation Bill, Insolvency)

3. Preparation of Final Accounts

- 3.1 Preparation of Financial Statements of Sole Proprietorship
 - 3.1.1 Income Statement, Balance Sheet
- 3.2 Preparation of Financial Statements of a Not-for-Profit Organisation
 - 3.2.1 Preparation of Receipts and Payments Account
 - 3.2.2 Preparation of Income and Expenditure Account
 - 3.2.3 Preparation of Balance Sheet

SECTION B: FUNDAMENTALS OF COST ACCOUNTING

4. Fundamentals of Cost Accounting

- 4.1 Meaning, Definition, Significance of Cost Accounting, its Relationship with Financial Accounting
- 4.2 Application of Cost Accounting for Business Decisions
- 4.3 Definition of Cost, Cost Centre, Cost Unit and Cost Drivers
- 4.4 Classification of Costs (with reference to Cost Accounting Standard 1)
- 4.5 Ascertainment of Cost and Preparation of Statement of Cost and Profit (Cost Sheet)

