

## **PAPER 1 – ACCOUNTING**

*(One paper – Three hours – 100 Marks)*

### **Objective:**

To acquire the ability to apply specific accounting standards and legislations to different transactions and events and in preparation and presentation of financial statements of various business entities.

### **Contents:**

- 1. Process of formulation of Accounting Standards including Ind ASs (IFRS converged standards) and IFRSs; convergence vs adoption; objective and concepts of carve outs.**
- 2. Framework for Preparation and Presentation of Financial Statements (as per Accounting Standards).**
- 3. Applications of Accounting Standards:**
  - AS 1 : Disclosure of Accounting Policies
  - AS 2 : Valuation of Inventories
  - AS 3 : Cash Flow Statements
  - AS 4 : Contingencies and Events occurring after the Balance Sheet Date
  - AS 5 : Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies
  - AS 10: Property, Plant and Equipment
  - AS 11: The Effects of Changes in Foreign Exchange Rates
  - AS 12: Accounting for Government Grants
  - AS 13: Accounting for Investments
  - AS 16: Borrowing Costs
  - AS 17: Segment Reporting
  - AS 22: Accounting for Taxes on Income
- 4. Company Accounts**
  - (i) Preparation of financial statements – Statement of Profit and Loss, Balance Sheet and Cash Flow Statement;
  - (ii) Managerial Remuneration;

- (iii) Accounting for tax: Concept of deferred tax asset and deferred tax liability in line with AS 22 "Accounting for Taxes";
- (iv) Profit (Loss) prior to incorporation;
- (v) Accounting for bonus issue and right issue;
- (vi) Redemption of preference shares;
- (vii) Redemption of debentures;

**5. Accounting for Special Transactions:**

- (i) Investment;
- (ii) Insurance claims for loss of stock and loss of profit;
- (iii) Hire - purchase and Instalment sale transactions;

**6. Special Type of Accounting**

- (i) Departmental Accounting;
- (ii) Accounting for Branches including foreign branches;
- (iii) Accounts from Incomplete Records;

**7. Dissolution of partnership firms including piecemeal distribution of assets; Amalgamation of partnership firms; Conversion of partnership firm into a company and Sale to a company; Issues related to accounting in Limited Liability Partnership.**

**Note :** If either new Accounting Standards (AS), Announcements and Limited Revisions to AS are issued or the earlier ones are withdrawn or new AS, Announcements and Limited Revisions to AS are issued in place of existing AS, Announcements and Limited Revisions to AS, the syllabus will accordingly include / exclude such new developments in the place of the existing ones with effect from the date to be notified by the Institute.