

Fundamental Accounting, I (Mandatory)

Credits 2

Description of the course:

"Fundamental Accounting-I" is an in-depth exploration of advanced accounting practices, focusing on inventory valuation, fire insurance claims, final accounts preparation, and accounting for hire purchase transactions. Students will learn about the various methods of inventory valuation, including FIFO and Weighted Average Method, and how to compute inventory valuation as per AS – 2. Additionally, they will study the computation of loss of stock by fire and the process of ascertaining claims as per insurance policies. The course also covers the preparation of final accounts for manufacturing concerns and accounting for hire purchase transactions, including calculation of interest and journal entries.

Aims & Objectives:

1. To understand the concepts and significance of inventory valuation methods and their application in financial reporting.
2. To familiarize students with the computation of loss of stock by fire and the process of ascertaining claims as per insurance policies.
3. To provide students with the knowledge and skills required to prepare final accounts for manufacturing concerns.

Course outcomes:

1. Students will be able to demonstrate proficiency in applying different methods of inventory valuation, such as FIFO and Weighted Average Method, in accordance with AS – 2.
2. Students will be able to analyze fire insurance policies and compute loss of stock by fire, adhering to the stipulated insurance claims process.
3. Students will be able to prepare final accounts for manufacturing concerns, including adjustments for capital and revenue expenditures and receipts.

Sr. No.	Modules	No. of Lectures
1	Inventory Valuation and Insurance Claims Processing	15
2	Financial Reporting and Hire Purchase Accounting	15
Total		30

Sr. No.	Modules
1	Inventory Valuation and Insurance Claims Processing
	<ul style="list-style-type: none"> • Inventory Valuation: Meaning of inventories Cost for inventory valuation Inventory systems : Periodic Inventory system and Perpetual Inventory System Valuation: Meaning and importance Methods of Stock Valuation as per AS – 2 : FIFO and Weighted Average Method Computation of valuation of inventory as on balance sheet date: If inventory is taken on a date after the balance sheet or before the balance sheet • Fire Insurance Claim: Computation of Loss of Stock by Fire Ascertainment of Claim as per the Insurance Policy Exclude: Loss of Profit and Consequential Loss
2	Financial Reporting and Hire Purchase Accounting
	<ul style="list-style-type: none"> • Final Accounts Expenditure: Capital, Revenue Receipts: Capital, Revenue Adjustment and Closing Entries Final accounts of Manufacturing concerns (Proprietary Firm) • Accounting for Hire Purchase

	Meaning Calculation of interest Accounting for hire purchase transactions by asset purchase method based on full cash price Journal entries, ledger accounts and disclosure in balance sheet for hirer and vendor(excluding default, repossession and calculation of cash price)
--	--

References:

- Financial Accounting for Undergraduates (Volume I) by R.S. N Pillai, Bagavathi Published by S. Chand Publishing
- Fundamentals of Accounting for CA Foundation by D.G. Sharma, Seema Sharma Published by Taxmann Publications Pvt. Ltd.
- Principles of Accounting by Dr. T.P. Ghosh published by PHI Learning Pvt. Ltd.
- Financial Accounting for Undergraduates (Volume I) by R.S. N Pillai, Bagavathi published by S. Chand Publishing