

Financial Accounting
Foundation-II

OBJECTIVES:

To provide the students with a detailed knowledge of accounting principles, concepts, techniques and their application to develop an ability and skills to prepare financial statements of different concerns.

ABILITY REQUIRED:

Professional knowledge and skills.

<u>WEIGHTAGE</u>	<u>CONTENTS</u>
10	<p>1. ACCOUNTS OF PARTNERSHIP CONCERNS:</p> <p>Admission of a partner, retirement of a partner, death of a partner; amalgamation of firms, dissolution of firms, conversion of partnership into limited co., final accounts of partnership concerns.</p>
5	<p>2. JOINT VENTURE ACCOUNTING:</p> <p>Accounting treatment when separate books of accounts are maintained and separate books are not maintained, memorandum, joint venture partners accounting, joint venture profit and loss account.</p>
10	<p>3. BRANCH / DEPARTMENTAL ACCOUNTING:</p> <p>Operation of a branch, accounting systems for branches, preparation of branch and head office statements, reciprocal accounts, inter-branch cash and merchandise transfer, preparation of combined statements for head office and branches, departmental accounting, working papers for combined statements.</p>
10	<p>4. ROYALTY ACCOUNTS:</p> <p>Preparation of journal entries and accounts, minimum rent accounts, shortage accounts, royalty suspense account.</p>
10	<p>5. ACCOUNTING FROM INCOMPLETE RECORDS AND SINGLE ENTRIES ACCOUNTING:</p> <p>Preparation of income statement and balance sheet from incomplete record.</p>
10	<p>6. CONSIGNMENTS:</p> <p>Nature and operation of the consignment, accounting for the completed consignment, accounting for an incomplete consignment.</p>

- 10 7. **COMPANY FORMATION & RETAINED EARNINGS:**
- Nature of share capital, stated value of share, par share, recording issuance of shares, issue of shares at a premium, issue of shares at a discount, issue of shares for consideration other than cash, issuance of shares in exchange for business, shares splits/consolidation, shares conversion, share rights and options, treatment of purchase of its own shares, retained earnings: nature of retained earnings, source or retained earnings, dividends, retained earnings appropriation, appropriations relating to debenture redemption, appropriations for possible future losses.
- 15 8. **PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS OF COMPANIES ACCORDING TO LOCAL LAWS AND INTERNATIONAL ACCOUNTING STANDARDS:**
- Forms and contents of the income statement, forms and contents of the balance sheet, statement of retained earning, preparation of cash flow statement, preparation of balance sheet and income statement after taking into consideration various year-end adjustments, calculation and interpretation of: return on capital employed; gross profit and net profit percentages; cost to sales ratios; asset turnover; debtors turnover, creditors' time to pay; current and quick ratios; financial gearing, items in company accounting formats (company legislation), (IAS 1, (revised) 7, 8, 10 and 24 (revised), section 230-247, 4th & 5th schedule of Companies Ordinance 1984, framework for the preparation and presentation of financial statements as per IASs).
- 10 9. **RECEIPT & PAYMENT SUMMARY AND ACCOUNT OF NON-PROFIT ORGANIZATION:**
- Preparation of receipt & payment summary, preparation of income and expenditure account and balance sheet.
- 10 10. **INTERNATIONAL ACCOUNTING STANDARDS:**
- IAS 1 (revised), 7, 8, 10, 24.

CORE READINGS:

AUTHORS:

PUBLISHER :

Modern Advanced Accounting

E. John Larsen &
A. N. Mosich

McGraw-Hill Book Co. Europe
Shoppenhangers Road,
Maidenhead,
Berkshire SL2 2QL,
England.

International Accounting & Auditing
Standards.

International Accounting Standard
Committee,
166 Fleet Street,
London EC4A 2DY, U.K.

International Federation Accountants,
114 West 47th Street, Suite 2410 New
York-10036

An Introduction to Accounting

S.N. Maheshwari

Vikas publishing House Pvt. Ltd.,
576 Masjid Road,
Janpura,
New Delhi-11014.

ADDITIONAL READINGS:

Advanced Accounting

Shukla

Sultan Chand & Company Ltd.
Ram Nagar
New Delhi-110055.

Financial Accounting

Spicer & Pegler

Companies Ordinance 1984 &
Companies Rules 1985

Govt. of Pakistan

Securities & Exchange Ordinance
1969 & Rules

Govt. of Pakistan

Financial Accounting

Kennedy Macmillan