

ACC 201: Financial Accounting

Credit Hours: 3

Course Objective

The main objective of this course is to impart students with the basic knowledge and skills of accounting so that they will understand and work out how financial statements are prepared and analyzed in business firms.

Contents

This course contains introduction to financial management, mechanics of accounting, journal proper, preparation of financial statements, cash flow statement, and analysis of financial statements.

Detailed Course

Unit 1: Introduction

LH 7

Concept, objective, functions and limitations of accounting; Users of accounting information; Basic terminology of accounting; Accounting principles, assumptions, conventions and standards; Accounting equation; Accounting cycle

Unit 2: Mechanics of Accounting

LH 12

Documents forming the basis of accounting; Voucher system; Books of original entry; Rules for journalizing; Subsidiary books; Ledger book: posting and balancing; Preparation of trial balance

Unit 3: Journal Proper

LH 8

Concept and objective of journal proper; Closing entries; Entries for fixed assets and their depreciation; Rectification entries; Entries for provisions; Adjustment entries

Unit 4: Preparation of Financial Statements

LH 10

Concept, nature and objective of financial statements; Trading account; Profit and loss account; Balance sheet; Preparation of financial statements: trading account, profit and loss account and balance sheet with adjustment entries; Profit and loss appropriation account; Columnar financial statements

Unit 5: Cash Flow Statement

LH 6

Concept, nature and purpose of cash flow statement; Cash flows: operating activities, investing activities and financing activities; Preparation of cash flow statement

Unit 6: Analysis of Financial statements

LH 5

Concept, nature and objective of financial analysis; Types of financial analysis: comparative balance sheet, common-size statements and ratio analysis

Basis Textbooks

Paresh Shah. **Financial Accounting for Management**. New Delhi: Oxford University Press

Madhav R. Koirala and L.P. Bhanu Sharma. **Financial Accounting**. Kathmandu: Buddha Academic Enterprises

Reference Books

Jane L. Reimers. **Financial Accounting**. New Delhi: Pearson Education

Earl K. Stice and James D. Stice. **Financial Accounting: Reporting and Analysis**. New Delhi: South-Western