

**OPTIONAL
FINANCIAL ACCOUNTING (780)**

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FINANCIAL ACCOUNTING (780)
(Common for Accounting & Taxation and Financial Market Management)
THEORY

Time: 3 Hours

Marks: 80

1.	Fundamentals.	7
2.	Reconstitution of Partnership Firms-I.	8
3.	Reconstitution of Partnership Firms-II.	8
4.	Dissolution of a Partnership Firm.	8
5.	The Joint Stock Company.	7
6.	Shares and Share Capital.	7
7.	Debentures.	7
8.	Company Final Accounts.	7
9.	Financial Statements: Analysis and Interpretation.	7
10.	Funds Flow Statement.	7
11.	Cash Flow Statement.	7

SECTION – I: PARTNERSHIP ACCOUNTS

1. Fundamentals	7
• Meaning of Partnership.	
• Essential Characteristics of Partnership.	
• Partnership Deed.	
• Final Accounts.	
• Adjustments after Closing Accounts.	
• Fixed and Fluctuating Capitals.	
• Good will.	
• Joint Life Policy.	
• Change in Profit Sharing Ratio.	
2. Reconstitution of Partnership Firms – I	8
• Admission of a Partner.	
• Accounting Problems.	
3. Reconstitution of Partnership Firms – II (Retirement, Death and Amalgamation)	8
• Retirement of a Partner.	
• Death of a Partner.	
• Amalgamation of Partnership Firms.	
4. Dissolution of a Partnership	8
• Distinction between Dissolution of Partnership and Dissolution of a firm.	
• Modes of Dissolution of a Firm.	
• Settlement of Accounts.	
• Accounting Entries.	

- Insolvency of Partners.

SECTION – II: COMPANY ACCOUNTS

5. The Joint Stock Company	7
<ul style="list-style-type: none"> • Introduction. • Meaning and Definition of a Company. • Essential Characteristics of a Company. • Kinds of Companies. • Difference between Company and Partnership. • Distinction between Private and Public Limited Companies. • Formation of Company. • Allotment of Shares. 	
6. Shares and Share Capital	7
<ul style="list-style-type: none"> • Shares. • Share Capital. • Accounting Entries. <ul style="list-style-type: none"> (i) Full Subscription. (ii) Under subscription. (iii) Oversubscription. • Calls in Advance. • Calls in Arrears. • Issue of Shares at Premium. • Issue of Shares at Discount. • Forfeiture of Shares. • Surrender of Shares. • Issue of Two Classes of Shares. 	
7. Debentures	7
<ul style="list-style-type: none"> • Classification of Debentures. • Issue of Debentures. • Different Terms of Issue of Debentures. • Writing Off Loss on Issue of Debentures. 	
8. Company Final Accounts	7
<ul style="list-style-type: none"> • Books of Account. • Introduction to Company Final Accounts. • Formats of Financial Statements: Schedule III (Companies Act 2013). • Familiarity with the Items of Financial Statements. (Preparation of Company Financial Statements is not required). 	
9. Financial Statements: Analysis and Interpretation	7
<ul style="list-style-type: none"> • Meaning and Types of Financial Statements. 	

- Nature of Financial Statements.
- Limitations of Financial Statements.
- Analysis and Interpretation of Financial Statements.
- Steps involved in the Financial Statement Analysis.
 - (i) Methodical Classification.
 - (ii) Ratio Analysis.
- Advantages of Ratio Analysis.
- Limitations of Ratio Analysis.

10. Funds Flow Statement 7

- Meaning of Funds Flow Statement.
- Uses of Funds Flow Statement.
- Funds Flow Statement vs Income Statement.
- Treatment of Provision for Taxation and Proposed Dividends.

11. Cash Flow Statement 7

- Meaning of Cash Flow Statement.
- Uses of Funds Flow Statement.
- Treatment of Provision for Taxation and Proposed Dividends.

PRACTICAL

Time: 1 Hour

Marks: 20

Visit a Sole Proprietary Firm and present Reports regarding:

Collect and go through.

- A Partnership Deed. 5
- Share Certificate & Debenture Certificate of a Company. 5
- Annual Accounts of a Company. 10