

**FIRST YEAR B. B. A.
PAPER - 3 PRINCIPLES AND PRACTICE OF ACCOUNTANCY**

(Effective from June 1999)

I. Nature of Accounting : 10%

- Definition - objectives and scope- convention & concepts of accountancy.
- Concepts and convention of accounting.
- Business transaction, Classification of accounts and rules for debit and credit.
- Distinction between capital and revenue expenses.

II. Accounting Cycle : 10%

- Introduction of journal, various subsidiary books and ledger.
- Examples related only to recording the transaction into journal, posting into ledger, balancing and preparation of Trial Balance.

III. (A) Preparation of Final Account : 15%

- Trading account, profit and loss account and balance sheet of sole proprietor.

(B) Final Accounts of Joint Stock Companies : 15%

- Examples of horizontal presentation with simple adjustment, depreciation provision for doubtful debits, interest on debenture, writing-off debenture discount-preliminary expenses, dividend and provision for tax.

IV. Rectification of Errors : 10%

Types of Error - rectification entries, suspense's accounts, effect on final account.

V. Depreciation : 15%

- Meaning objects for providing depreciation - causes of depreciation Methods of Depreciation (Theory only).
- Example only on straight-line method, diminishing balance method and Depreciation Fund method.

VI. Issue, forfeiture and re-issue of shares : 10%

- Provision relating to issue of shares at par, at premium and at discount, calls in arrears and calls in advance forfeiture and reissue if shares, pro-rata allotment.
- Accounting entries and effects in the balance sheet (excluding pro-rata calculation forfeiture and re-issue of shares).

VII. Accounts of Non- trading Concerns : 15%

- Salient features, distinction between receipt and payment account V/S income expenditure account.
- Examples on Preparation of income and expenditure account and balance sheet from the receipt & payment account and other information only.