

**Course Title: Financial Accounting - I****Course Description & Objectives:**

The course also explains the accounting process through the use of work sheet. It further introduces generally accepted accounting principles and the situations where they are applied. Keeping in view the contemporary business practices, the course emphasizes perpetual inventory systems but at the same time manages the operation of the periodic inventory system also. For the use of accounting information, the classified financial statements are also introduced.

**Prerequisites:**

The course requires basic knowledge of accounting process for instance transaction approach and book keeping.

<b>Course Contents</b>	
What is Accounting, The Financial Reporting Process, Generally Accepted Accounting Principles	The student should be able to define accounting, understand the philosophy of accounting principles and the need of financial reporting
Financial Statements, Accounting Equation,	The student should know the components of financial statements. They should also know the residual claim through accounting equation
Effects of transactions upon Balance Sheet and Accounting Equation, Balance Sheet in evaluating the short-term solvency	The student should know the probable change in the financial position due to any economical activity. He must also know to measure the ability of the business to pay off its debts
Competence, Integrity and Professional Judgment, numerical problems	The students must be able to identify several areas in which accountants must exercise professional judgment where necessary
Explaining double-entry system of accounting	A student must be familiar with the transaction approach
Journal and its relationship to the ledger, preparing journal entries	Students must know the format of a journal and the rules of debit and credit for the formation of journal entries
Ledger accounts and a ledger, Trial Balance, its use and limitations, locating errors, basic steps in accounting cycle	Acquaintance of knowledge regarding the 'T' type accounts and running balance format of a ledger, A student must know what is a Trial Balance, why it is prepared and what are some basic points to keep in mind in order to locate an error
Numerical problems	Solving problems and acquiring practical skills
Nature of net income, revenue, and expenses. Realization and Matching	A student should know the concept of revenues and expenditure, the principles that

principles, rules for debit and credit for nominal accounts, Defining depreciation expense	are related to these terms and the concept of a gradual conversion of an asset into an expense
Income statement and statement of owner's equity, closing entries, accrual and cash basis of accounting, numerical problems	A student must be able to make a classified income and the Owner's equity statement along with a classified balance sheet, he should learn to account for when a transaction takes place on account, should know to pass the closing entries
Adjusting entries and accrual accounting, types of adjusting entries, principle of materiality	A student must know how to pass the adjusting entries, he should also know the concept of cost effectiveness
Work Sheet, accounting cycle, numerical problems	A student should be able to prepare a complete 10 column work sheet, related problem solving
Operating cycle of a merchandising company, subsidiary ledgers and control accounts, sale and purchase account, perpetual / periodic inventory system	A student must be able to develop an inventory card under the perpetual inventory system
Computation of various ratios, cash discounts, merchandise returns, transportation costs, sales taxes, numerical problems	He should know the significance of working capital, current and quick ratios, problem solving in the related arguments
Advantages and disadvantages of a periodic inventory system, accounting of merchandising transactions under periodic inventory system, closing entries and the entry to reopen the inventory account	A student should know the characteristics of the periodic inventory system of the merchandising company
Numerical problems	Problem solving of the related topics

**Teaching Methods:**

Lectures, discussions, presentations, quiz and assignments.

**Assessment Mechanism/Criteria**

40% (40 Marks)	Internal Assessment by affiliated institution	*15Marks for Assignments, Quizzes and others **25 Marks for Mid-term Exam
60% (60Marks)	External Assessment by the Punjab University	Final Term Examination

**Suggested Readings:**

Meigs & Meigs, *Accounting the basis for business decisions*, McGraw Hill Publishing Company.

**Additional Resources:**

1. Niswonger & Fess, *Accounting Principles*, South Western Publishing Company.
2. M.A.Ghani, *Principles of Accounting*, Pak Imperial Book Depot, Lahore.
3. M.Arif & Sohail Afzal, *Accounting*, Azeem Academy, Lahore.
4. Ch.Muhammad Hanif & Azam Shafiq, *Fundamentals of Accounting*, Kitab Markaz, Faisalabad.