

# **FINANCIAL AND MANAGEMENT ACCOUNTING**

## **100 Marks (without books)**

### **Specification Grid**

<b>S. No.</b>	<b>Syllabus Contents Area</b>	<b>Weight age</b>
1	General Framework	10 Marks
2	Financial Statements	30 Marks
3	Cash Flow Statements	10 Marks
4	Interpretation of Financial Statements	15 Marks
5	Accounting and Reporting Issues	35 Marks
<b>Total</b>		<b>100 Marks</b>

### **1 GENERAL FRAMEWORK**

**(a) General purpose of financial statements, users and their needs**

**(b) Financial statements**

- (i) Income statement
- (ii) Balance sheet
- (iii) Interaction of the income statement and balance sheet

**(c) Elements of financial statements and their interaction**

- (i) Assets
- (ii) Liabilities
- (iii) Equity contributions from owners and distributions to owners
- (iv) Income
- (v) Expenses

**(d) Conceptual framework**

- (i) Framework for the preparation and presentation of financial statements
- (ii) Accounting concepts principles and policies

**(e) Regulatory Framework**

- (i) Standard-setting process
- (ii) Relevant International Accounting Standards
- (iii) Format of accounts and disclosure requirements
- (iv) Statement of Changes in Equity
- (v) Research and development Expenditure

**(f) Business organization**

Structure, Procedures and policies

## **2 FINANCIAL STATEMENTS**

### **(a) Preparation of company financial statements from a trial balance, including adjustments where appropriate for:**

Accruals and prepayments, Income tax, Dividends, Depreciation, Irrecoverable debts and allowances for receivables, closing inventory, Issue of share capital, Revaluation of assets, Provisions, Admission and retirement of partners

### **(b) Taxation**

Presentation of income tax

### **(c) Non-current assets**

- (i) Distribution between capital and revenue expenditure
- (ii) Accounting for the acquisition and disposal of assets
- (iii) Depreciation definition, reasons for and methods, including straight line, reducing balance and sum of digits
- (iv) Research and development
- (v) Elementary treatment of goodwill

### **(d) Current Assets**

- (i) Inventory
- (ii) Receivables, including accounting for irrecoverable debts and allowances for receivables
- (iii) Cash

### **(e) Current liabilities and accruals**

### **(f) Shareholder`s equity**

### **(g) Events after the balance sheet date**

### **(h) Contingencies**

### **(i) Presentation of financial statements**

## **3 CASH FLOW STATEMENTS**

- (i) Preparation of a single company cash flow statement
- (ii) Notes to the cash flow statement
- (iii) Interpretation of a cash flow statements

## **4 INTERPRETATION OF FINANCIAL STATEMENTS & RATIO ANALYSIS**

- (i) Interpretation of Financial Statements including horizontal and vertical analysis
- (ii) Profitability
- (iii) Liquidity
- (iv) Efficient use of resources
- (v) Investors
- (vi) Financial position

**(b) Identification of unusual issues or trends**

**(c) Presentation of records targeted at the user and drawing appropriate conclusions**

## **5 ACCOUNTING & REPORTING ISSUES**

- (i) Inventories
- (ii) Borrowing Costs
- (iii) Property, Plant and Equipment
- (iv) Change in accounting policies
- (v) Change in accounting estimates & errors
- (vi) Events occurring after the balance sheet date
- (vii) Construction contracts
- (viii) Revenue recognition
- (ix) Related party disclosures
- (x) Earning per share
- (xi) Accounting treatment of provisions, contingent losses and contingent gains
- (xii) Accounting for Investment

<b>READING MATERIAL</b>		
<b>Title</b>	<b>Author</b>	<b>Publications</b>
Frank Wood's Business Accounting	Frank Wood / Alan Sangster	Pearson Education Ltd. England.
Accounting: The Basis for Business Decisions	Robert F. Meigs / Walter B. Meigs	McGraw Hill Publishing Co. Inc., New York.
Advanced Accountancy	R. L. Gupta	Sultan Chand & Sons, Publishers 23, Daryaganj, New Delhi.
International Accounting Standards	Issued by IASC	ICAP
Financial Accounting	Focused Study Text	PIPFA
<b>ADDITIONAL READING MATERIAL</b>		
Financial Accounting & Tax Principles	PBP	Professional Business Publications, Lahore.