

ASB-02: Fundamentals of Accounting for Small Business (3 Credits – 75 Marks)

Course Objective: To acquaint the students with framework of accounting and financial control for small business and develop practical skills in accounting for small business.

Learning Outcomes:

At the end of this course the student should be able to:

- (i) Understand the accounting concepts and basic accounting procedures.
- (ii) Acquire skills for finalisation of books of accounts of a small business.
- (iii) Acquire knowledge of techniques of financial analysis, control and reporting.

Module I: Fundamentals of Accounting: (25 Marks – 15 lectures)

Concept of transaction, Capital and Revenue transactions, Accounting equation, Accounting Cycle, Common books of accounts for routine book keeping and as per relevant statutes, Vouchers preparation and maintenance, Journalisation, Ledgers, Cash Book, Bank Reconciliation Statements, Developing Depreciation policy (with AS), Accounting for fixed assets (with AS), Payroll Accounting, Store Records and Accounting.

Module II: Trial Balance and Financial Statements (20 marks – 15 lectures)

Preparation of trial balance, Financial Statements: Types and formats, Preparation of Profit and Loss A/c and Balance Sheet, Preparation of final accounts for non-profit concerns.

Module III: Financial Management and Control (20 Marks – 10 lectures)

Sources of Finance, Government Schemes for financial assistance to small business, Cash flow statement (As per AS), fund flow statement, Trend analysis, Break even analysis, Cash Budget, Production Budget, Marketing Budget, Variance analysis.

Module IV: Management Reporting (10 Marks – 5 lectures)

Weekly/Monthly reports on revenue items, Sales summaries, Expense summaries, Asset reporting, Payables and Receivables reporting,

References:

1. Pinson, L., *Keeping the Books: Basic Record Keeping and Accounting for Successful Small Business*, Kaplan Publishing, 2007, UK.
2. Sitarz, D., *Small Business Accounting Simplified*, Nova Publishing Company, 2010, US.
3. Madegowda, *Management Accounting*, Himalaya Publications, New Delhi.
4. Sofat, H., *Basic Accounting*, Phi Learning Pvt. Ltd., New Delhi.
5. Mukherjee and Hanif, *Financial Accounting*, Tata McGraw Hill, 2003, New Delhi.