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**Brentwood Open Learning College**



**Diploma in Accounting & Finance**  
**(Level 4)**

**Course Structure & Contents**

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## Unit 1

### Introduction to Accounting & Finance

The unit 1 covers the following topics:

- **Introduction**
- **Definition of Accounting**
- **Objective of Accounting**
- **Scope of Accounting**
- **Functions of Accounting** (Record keeping, Managerial Function, Legal Requirement Function, Language of Business)
- **Advantages of Accounting**
- **Limitations of Accounting** (Record keeping, Information Accuracy, Value of Assets, Window dressing, Changing price levels, Stewardship Accounting, Financial Accounting, Cost Accounting, Management Accounting, Social Responsibility Accounting, HR Accounting, Inflation Accounting)
- **Main Branches of Accounting** (Financial, Cost, Management, Difference b/w FA, MA, CA system, Information Flow Chart)
- **Modern View of Accounting**
- **Users of Accounting** (Shareholders & Investors, Creditors, Employees, Government, Management, Consumers & other)
- **Accounting Information**
- **Steps in Accounting Process**
- **Accounting Cycle** (The Eight Steps of the Accounting Cycle, Transactions, Journal Entries, Posting, Trial Balance, Worksheet, Adjusting Journal Entries, Financial statements, Closing the Books)

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## Unit 2

### The Role of An Accountant

The unit 2 covers the following topics:

- **Introduction**
- **Accounting Personnel**
- **Methods of Accounting** (Single Entry, Double Entry)
- **Advantages of Double Entry System**
- **Meaning of Debit and Credit**
- **Nature of Accounting Function**
- **Types of Accounting** (Personal Accounts, Real Accounts, Nominal Accounts)
- **Distinction between Book-Keeping and Accounting**
- **Objectives of Book-keeping**
- **Differences between Book-Keeping and Accounting**
- **Organisation for Accounting and Finance**
- **Bases of Accounting** (Accounting on Cash Basis, Accrual Basis of Accounting or Mercantile System, Mixed or Hybrid Basis of Accounting)
- **Accounting Terminology** (Transaction, Debtor, Creditor, Capital, Liability, Asset, Goods, Revenue, Expense, Expenditure, Purchases, Sales, Stock, Drawing, Loss, Account, Invoice, Voucher, Proprietor, Discount, Solvent, Insolvent, Accounting Equation)

## Unit 3

### Accounting Concepts & Standards

The unit 3 covers the following topics:

- **Introduction**
- **Accounting Framework**
- **Accounting Concepts** (Business Entity Concept, Money Measurement Concept, Continuity Concept, Cost Concept, Accrual Concept, Concept of Conservatism, Materiality Concept, Consistency Concept, Periodicity Concept)
- **Accounting Standards** (Need of Standards, GAAP)
- **Attempts towards Standardisation** (Standardisation in UK and USA, Standards at International level)

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## Unit 4

### Journal and Subsidiary Books

The unit 4 covers the following topics:

- **Introduction**
- **Advantages of Journal**
- **Sub Division of Journal**
- **Ledger** (Ruling of Ledger Accounting, Sub Division of ledger, Distinction between Journal & ledger)
- **Illustrations**
- **Subsidiary Books** (Introduction, Types, Purchases, Sales, Cash Book, Single Column Cash Book, two column cash book, three columnar cash book, columnar petty cahs book or analytical petty cash book)
- **Basic Document for Subsidiary Book** (Inward Invoice, Outward, Invoices, Debit Note, Credit Note, Cash Receipts and Vouchers, Contra Entries)
- **Advantage of Subsidiary Books** (Division of work, Facilitate posting, Time Saving, Minimum fraud and errors, better information, management decisions facilitated, Specialization and efficiency)
- **Imprest System**
- **Discounts** (Trade Discount, Cash Discount, Illustrations)

## Unit 5

### Understanding Profit and Loss Statement

The unit 5 covers the following topics:

- **Introduction** (Meaning of Profit and Loss Account, Why Profit and Loss Account, Measurement of Income, Accrual Concept, Matching Concept, Accounting Period)
- **Relation Between Profit and Loss account and Balance Sheet** (Some Important terms, Preparation of Profit and Loss account)

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## Unit 6

### How to Prepare and Analyze a Balance Sheet

The unit 6 covers the following topics:

- **Things to Expect**
- **Things to know before Getting Started** (Purpose of Financial Statements, Why Create a Balance sheet)
- **How to prepare a Balance Sheet** (Assets, Step1, Step2, Step3, Step4)
- **How to Analyze a Balance Sheet** (Current Ration, Quick Ratio, Working Capital, Debt/Worth Ratio)
- **Conclusion**

## Unit 7

### Construction and Analysis of Fund Flow and Cash Flow Statement

The unit 7 covers the following topics:

- **Introduction**
- **Working Capital and its Need** (Initial Investment, Cash, Receivables, Inventory, Supplies & prepaid Expenses)
- **Determining working Capital Requirements**
- **Sources of Funds** (Internal Sources, Funds from Operations, External Sources)
- **Uses and Application of Funds** (Need for Additional Funds)
- **Factors Affecting Fund Requirements**
- **Analyzing Changes in Working Capital** (Statement of Changes in Working Capital)
- **Fund Flow Statement**
- **Importance of Cash and Cash Flow Statement**
- **Sources and Uses of Cash**
- **Preparation of Cash Flow Statement**

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## Unit 8

### Ratio Analysis

The unit 8 covers the following topics:

- Introduction
- Classification
- The Norms for Evaluation
- Computation and Purpose
- Managerial uses of the Primary Ratio

## Unit 9

### Budgeting and Budgetary Control

The unit 9 covers the following topics:

- Introduction
- Financial Planning
- What is a Budget
- **Budgetary Control** (Installing a system, organization, responsibility, controller, Budget Committee, Fixation of the Budget Period, Budget Procedures, Key Factor, Making Forecast, Preparing Budgets, Choice between Fixed and Flexible Budgets)
- **Classification of Budget** (Rolling, Sales, Production, Costs, Cash Budget, Sales Worksheet, Master Budget, Fixed and Flexible Budgets)
- **Control Ratios**
- **Performance Budgeting**
- **Zero-Based Budgeting** (Process of Zero-Based Budgeting, Advantages)
- **Summary**

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## Unit 10

### Variance Analysis

The unit 10 covers the following topics:

- Introduction
- Meaning of Variance
- Cost Variances
- Direct Material Variances
- Direct Labour Variances
- Overhead Variances (OC V, VOCV, FOCV, FOVV)
- Sales Variances (Sales Value Variance, Price Variance, Volume Variance, Computation of Sales Variances, Verification)
- Control of Variances
- Variance Reporting

## Unit 11

### Financial Management

The unit 11 covers the following topics:

- Introduction
- Scope of Financial Management (Traditional Approach, Modern Approach)
- Finance Functions (Investment Decision, Financing Decision, Dividend Decision)
- Objectives of the Firm (Profit Maximization, Wealth Maximization)
- Risk-Return Trade-Off
- Conflict of Goals: Management vs Owners
- Financial Goals and Firm's Objectives
- Organization of Finance Function
- Finance and Related Disciplines (Finance and Accounting, Economics and Finance)

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## Unit 12

### Management of Working Capital

The unit 12 covers the following topics:

- **Introduction**
- **Significance of Working Capital**
- **Operating Cycle**
- **Concepts of Working Capital** (Gross working Capital, Net working Capital)
- **Kinds of Working Capital** (Fixed Working Capital, Fluctuating working Capital)
- **Components of working Capital**
- **Importance of Working Capital Management**
- **Determinants of Working Capital Needs**(Nature & Size of Business, Manufacturing Cycles, Business Fluctuations, Production Policy, Turnover of Circulating Capital, Credit Terms, Growth and Expansion Activities, Operating Efficiency, Price level Changes, Other factors)
- **Approaches to Managing working Capital** (Conventional Approach, Operating Cycle Approach)
- **Measuring Working Capital**
- **Working Capital Management Under Inflation**
- **Efficiency Criteria** (Current Ratio, Quick Ratio)
- **Determining Optimal Cash Balance**
- **Management of Cash Flows** (Speeding up Collections, Recovering Dues, Controlling Disbursements, Investment of Idle Cash Balance, Investment Criteria)

## Unit 13

### Investment Appraisal Methods

The unit 13 covers the following topics:

- **Introduction**
- **Types of Investment Proposals**(Expansion, Diversification, Replacement, Research and Development)
- **Project Report** (Relevant Data, Initial Investment Outlays, Subsequent Investment Outlays, Economic life of a Project, Economical life may end, Salvage Value, Operating Cash Flows)
- **Methods of Appraisal** (Payback Period, Accounting Rate of Return, DCF, IRR through Payback Reciprocal, Profitability Index)
- **Depreciation, Tax and Inflows**
- **Cost of Capital**
- **Limitations of Investment Appraisal Techniques**
- **Summery**



