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TEACHING NOTES

Capacity Building Of Accountants Of FPOs

Under Central Sector Scheme on Promotion &
Formation of 10,000 FPOs



Teaching Notes - Capacity Building of Accountants of FPOs

Under Central Sector Scheme on Promotion & Formation of 10,000 FPOs

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About the Teaching Notes

Teaching notes provide various teaching strategies and concrete ways in which a technical session can be taken up by the trainer. Following the student-centric approach, the teaching notes can help the trainer to make their sessions interactive and participatory, and to use the training module more effectively.

For each session training module, the teaching notes offer a set of inputs, guidance, recommendations, and references. Specifically, the teaching notes for each session are structured in the following manner:

- i. **Synopsis:** A short summary of the topics that the module covers
- ii. **Target Group:** General/specific inputs on the target group of participants
- iii. **Learning Objectives:** Statement of the learning objectives of the module – what the participants are expected to learn after completion of the module
- iv. **Teaching Strategy:** Instructions, with explanation, of the strategies to be used in the session for the specific module
- v. **Questions for Discussion:** Questions to be used by the facilitator to generate discussion in the learning group
- vi. **Analysis of Data:** Data that participants can analyse to understand the topics covered in the module
- vii. **Background Reading:** Carefully curated reading material from other sources that are highly recommended (additional reading material) for the participants to deepen their understanding
- viii. **Multimedia:** Video content selected as additional learning material

Teaching Note – Accountants Training Module

Basic accounting concepts – Double entry system, debit, credit, frequently used accounting definitions

Synopsis

This session helps the participant develop a clear foundation for handling the accounting of an FPO. It emphasizes the importance of accounting in answering multiple questions related to the operations and performance of a business,

The session introduces to the participant the double-entry accounting method, the general ledger, the debit and credit system, and how to do double-entry bookkeeping, with examples.

Finally, it introduces to the participant a glossary covering a number of accounting terms that they will use regularly in the course of handling the accounting of an FPO.

Target Group

Accountants of FPOs

Learning Objectives

After completing the training module session 1, the participant is able to:

- i. State the importance of accurate accounting for a business
- ii. Define the double-entry accounting system, with examples
- iii. List the types of transactions (internal/external; cash/credit)
- iv. State the classification of assets and liabilities
- v. Understand the meaning of various accounting terms

Teaching Strategy

TASK	ACTIVITIES
Task 1: Session objectives	Using a chart, the trainer will explain the learning objectives mentioned above. It is recommended that the facilitator use the Guided Discussion activity as a strategy. In the Guided Discussion strategy, the facilitator enables a discussion between the facilitator and the learners.
Task 2: Interactive Lecture	The trainer uses an interactive approach to deliver a comprehensive lecture that helps the participant build a foundation for the subsequent sessions.

TASK	ACTIVITIES
Task 3: Q&A	The trainer will facilitate a Q&A session on this topic and conclude the session after summarizing the key learnings.

Questions for Discussion

The facilitator or trainer can use the following trigger questions to engage the participants in a productive discussion or debate within the broad framework of the session:

- i. Assume you are the owner of a business:
 - a. What would you like to know from the accounts of your business?
 - b. What books would you maintain?
- ii. What is double-entry accounting?
- iii. In a bank statement:
 - a. What is a debit?
 - b. What is a credit?
- iii. In a business:
 - a. What is an asset?
 - b. What is a liability?
- iv. What are the types of transactions?

Background Reading

Resource Material for Accountants of FPOs

Teaching Notes – Accountants Training Module

Recording and maintenance of various books of accounts and other subsidiary registers with small case-lets

Synopsis

This session focuses on the books of accounts that an FPO must maintain in order to ensure accurate accounting, reporting, and compliance.

It introduces the six financial books and three non-financial books to be maintained and the objectives for which these books are maintained.

The six financial books are: cash, bank, bank reconciliation statement, journal, ledger, share capital register; the subsidiary books to be maintained are also covered.

The three non-financial books are: members' profile register, members' progress register, minutes book/register

Further, it helps the participant learn how to maintain each of these books, providing detailed formats.

Target Group

Accountants of FPOs

Learning Objectives

After completing this session, the participants will be able to:

- i. List the financial books to be maintained by an FPO.
- ii. Explain the format in which each financial book is to be maintained.
- iii. List the subsidiary registers to be maintained.
- iv. Explain the format in which each subsidiary register is to be maintained.
- v. List the non-financial books to be maintained.
- vi. Explain the format in which each non-financial book is to be maintained.
- vii. Explain the relationship between the different financial books.
- viii. Explain the relationship between the different non-financial books.

Teaching Strategy

TASK	ACTIVITIES
Task 1: Session Objectives	Using a chart, the trainer will explain the learning objectives mentioned above. It is recommended that the facilitator use the Guided Discussion activity as a strategy. In the Guided Discussion strategy, the facilitator enables a discussion between the facilitator and the learners.
Task 2: Presentation and Walk-through of Formats	The trainer makes a presentation covering the books to be maintained and the formats to be used.
Task 3: Review of Specimens	The trainer circulates a full set of physical books and also projects scanned copies of sample pages and supporting documents (vouchers and bills).
Task 4: Q&A session	The trainer will facilitate a Q&A session on this topic and conclude the session after summarizing the key learnings.

Questions for Discussion

The facilitator or trainer can use the following trigger questions to engage participants in a productive discussion or debate within the broad framework of the session:

- i. How should a business account for cash transactions?
- ii. How should a business account for bank transactions?
- iii. How will an FPO record who its shareholders are?
- iv. How will an FPO know how it is delivering benefits to its members/shareholders?
- v. How will an FPO know the initial status of its members/shareholders?

Background Reading

- i. Resource material on capacity building of Other Stakeholders

Teaching Notes – Accountants Training Module

Recording of transactions for procurement & sale of agriculture inputs and agriculture products/commodities with case exercises

Case exercise on recording of transactions for procurement and sale of goods

Synopsis

This session focuses in detail on the accounting practices to be followed for recording i) the procurement of inputs that is sold to members, and ii) the procurement of produce from the members. It covers the full set of paper documentation to be created – purchase voucher, goods receipt note, delivery challan, purchase register, stock register, sales register, cash book, ledger. The session also covers the periodic reports to be generated and the stock verification report.

Target Group

Accountants of FPOs

Learning Objectives

After completing this session, the participants will be able to:

- i. Trace the flow of information in the inputs and output business of the FPO, from the time it occurs till the time it is captured in the financial statement.
- ii. Explain how the transactions related to inputs and output business are to be recorded, from the time it occurs till the time it is captured in the financial statement.
- iii. List the registers, formats, and supporting documents to be maintained in real time for accurate accounting.
- iv. List the legal registers that an FPO has to maintain.

Teaching Strategy

TASK	ACTIVITIES
Task 1: Session Objectives	Using a chart, the trainer will explain the learning objectives mentioned above. It is recommended that the facilitator use the Guided Discussion activity as a strategy. In the Guided Discussion strategy, the facilitator enables a discussion between the facilitator and the learners.

TASK	ACTIVITIES
Task 2: Presentation and Walk-through of Formats	The trainer makes a presentation covering the books to be maintained and the formats to be used.
Task 3: Review of Specimens	The trainer circulates a full set of physical books and also projects scanned copies of sample pages and supporting documents (vouchers and bills).
Task 4: Participant Exercises – Cases	The participants are required to read the cases provided and do the in-session exercises to test their comprehension and application of the concepts.
Task 5: Q&A session	The trainer will facilitate a Q&A session on this topic and conclude the session after summarizing the key learnings.

Questions for Discussion

The facilitator or trainer can use the following trigger questions to engage participants in a productive discussion or debate within the broad framework of the session:

- i. How will you account for the purchase of inputs from vendors and the sale of the aggregated input requirements to the members?
- ii. How will you account for the purchase of produce from the members and the sale of the aggregated produce to buyers who purchase from the FPO?
- iii. What are the issues that can arise in the FPO's business of inputs and outputs?
- iv. How can accounting help eliminate or minimize some of the above-mentioned issues?

Background Reading

Resource material on capacity building of Other Stakeholders

Teaching Notes – Accountants Training Module

Financial Statements - Preparation of Trial Balance, Profit & Loss Account and Balance sheet with Case Exercises

Case exercise on preparation of Trial Balance, Profit & Loss Statement and Balance sheet (Group exercise)

Synopsis

This session gives the participant a practical and usable understanding of the important financial statements – trial balance, P & L statement, and balance sheet – in reviewing the performance of a business. Further, it helps the participant understand the relationships between the three statements.

The session gives FPO-specific examples (from agri and allied sectors), account heads for different business activities, formats, and cases that the participant can relate to, adding context to the generic concepts.

Target Group

Accountants of FPOs

Learning Objectives

After completing this session, the participants will be able to:

- i. Define the three financial statements – trial balance, profit and loss statement, and balance sheet.
- ii. Explain the interconnection between the three financial statements.
- iii. List the statements that FPOs are required to maintain.
- iv. List account heads relevant for FPO business/activities.

Teaching Strategy

TASK	ACTIVITIES
Task 1: Session Objectives	Using a chart, the trainer will explain the learning objectives mentioned above. It is recommended that the facilitator use the Guided Discussion activity as a strategy. In the Guided Discussion strategy, the facilitator enables a discussion between the facilitator and the learners.

TASK	ACTIVITIES
Task 2: Presentation and Walk-through of Formats	The trainer makes a presentation covering the statements to be prepared and gives a detailed walk-through of the format of each statement.
Task 3: Review of Specimens	The trainer circulates a full set of financial statements and also projects scanned copies of sample FPO financial statements.
Task 4: Cases	The participants are required to read the cases provided and do the in-session exercises to test their comprehension and application of the concepts.
Task 5: Q&A session	The trainer will facilitate a Q&A session on this topic and conclude the session after summarizing the key learnings.

Questions for Discussion

The facilitator or trainer can use the following trigger questions to engage participants in a productive discussion or debate within the broad framework of the session:

- i. What is a financial statement?
- ii. Have you seen any financial statements?
- iii. Have you prepared any financial statements?
- iv. What can you learn by reading the financial statements of a business?

Background Reading

Resource material on capacity building of Other Stakeholders

Teaching Notes – Accountants Training Module

Chart of accounts and account heads

Synopsis

It is important that all FPOs use a standard set of account heads and prepare the model chart of accounts. This session gives the participant a clear and concise introduction to the account heads and the model chart of accounts.

Target Group

Accountants of FPOs

Learning Objectives

After completing this session, the participants will be able to:

- i. Explain why account heads are important.
- ii. List the different Expense account heads.
- iii. List the different Income account heads.
- iv. List the different Liabilities account heads.
- v. List the different Assets account heads.
- vi. Appreciate the accounting perspective of the Model Chart of Accounts and be able to refer to it in handling an FPO's accounts and preparing its financial statements.

Teaching Strategy

TASK	ACTIVITIES
Task 1: Session Objectives	Using a chart, the trainer will explain the learning objectives mentioned above. It is recommended that the facilitator use the Guided Discussion activity as a strategy. In the Guided Discussion strategy, the facilitator enables a discussion between the facilitator and the learners.

TASK	ACTIVITIES
Task 2: Presentation	The trainer makes a detailed presentation that covers: <ul style="list-style-type: none"> i. Why are Account Heads important? ii. What are the Account Heads for a FPO? iii. What is the Model Chart of Accounts for a FPO?
Task 3: Q&A session	The trainer will facilitate a Q&A session on this topic and conclude the session after summarizing the key learnings.

Questions for Discussion

The facilitator or trainer can use the following trigger questions to engage participants in a productive discussion or debate within the broad framework of the session:

- i. When we have many organisations involved in an identical business, what are the similarities we expect to discover in their financial statements?
- ii. Having learned about the books to be maintained by an FPO and the financial statements to be prepared for an FPO, what would you expect to observe commonly from the accounts of different FPOs?

Background Reading

Resource material on capacity building of Other Stakeholders

Teaching Notes – Accountants Training Module

Do’s & Don’ts, Role & Responsibilities in maintaining books of accounts and preparation of Director’s Report

Synopsis

This session provides a clear and concise understanding of the Do’s and Don’ts that accountants need to understand and adhere to in maintaining accounts. Further, the session explains the roles and responsibilities of different internal stakeholders of an FPO in maintaining the books of accounts and preparation of the Director’s Report.

Target Group

Accountants of FPOs

Learning Objectives

After completing this session, the participants will be able to:

- i. List the Do’s and Don’ts to be followed in maintaining an FPO’s accounts for transparency and accountability.
- ii. List the supporting documentation for different types of payments.
- iii. List the roles and responsibilities of an FPO’s Board of Directors, with regard to accounting.
- iv. List the roles and responsibilities of an FPO’s CEO, with regard to accounting.
- v. List the roles and responsibilities of an FPO’s Accountant, with regard to accounting.
- vi. List and explain the different kinds of mandatory compliances.
- vii. Explain the importance of the Director’s Report.
- viii. List the statutory registers to be maintained.

Teaching Strategy

TASK	ACTIVITIES
Task 1: Session Objectives	Using a chart, the trainer will explain the learning objectives mentioned above. It is recommended that the facilitator use the Guided Discussion activity as a strategy. In the Guided Discussion strategy, the facilitator enables a discussion between the facilitator and the learners.

TASK	ACTIVITIES
Task 2: Presentation	<p>The trainer makes a detailed presentation that covers:</p> <ul style="list-style-type: none"> i. Do's and Don'ts ii. Roles and Responsibilities of: Board, CEO, and an Accountant iii. Statutory Registers <p>If possible, the trainer may arrange an online experience sharing by stakeholders (BoD, CEO, and Accountant) from well-managed FPOs.</p>
Task 3: Review of Specimen and Discussion	The trainer circulates sample documents of an FPO – accounting policies, director's report, and registers. After the participants have read the sample documents, the trainer leads a discussion to identify what the participants have gathered from the documents.
Task 4: Q&A session	The trainer will facilitate a Q&A session on this topic and conclude the session after summarizing the key learnings.

Questions for Discussion

The facilitator or trainer can use the following trigger questions to engage participants in a productive discussion or debate within the broad framework of the session:

- i. What are the statutory compliances that you are aware of?
- ii. What are some good accounting practices that you can think of?
- iii. What are some avoidable accounting practices that you can think of?
- iv. What are the roles and responsibilities of different stakeholders (BoD, CEO, Accountant)?

Background Reading

Resource material on capacity building of Other Stakeholders

Teaching Notes – Accountants Training Module

Legal compliances: Due Dates of Statements, Returns, Periodicity of submission Income Tax liability for FPOs, Minimum alternate tax (MAT), Various permissions and licenses required for business operations

Synopsis

The final session in the CB module for FPO Accountants covers the legal provisions related to an FPO's books of accounts, internal audit, donations/subscriptions made by an FPC, reserves, and issue of bonus shares. It then gives the participant an understanding of 17 different compliances required by law, the due dates for the different compliances, and the penalties applicable in the event of contravention. Finally, it discusses the applicable provisions of taxation and the different permissions and licenses required for an FPO's business operations.

Target Group

Accountants of FPOs

Learning Objectives

After completing this session, the participants:

- i. Get a perspective on legal compliances for FPO along with due dates
- ii. The consequences for non-adherence to time frame of compliances
- iii. The Importance of Internal Audit
- iv. Applicable provisions of taxation
- v. Complying with getting requisite permissions for undertaking various business activities.

Teaching Strategy

TASK	ACTIVITIES
Task 1: Session Objectives	Using a chart, the trainer will explain the learning objectives mentioned above. It is recommended that the facilitator use the Guided Discussion activity as a strategy. In the Guided Discussion strategy, the facilitator enables a discussion between the facilitator and the learners.

TASK	ACTIVITIES
Task 2: Presentation	<p>The trainer presents:</p> <ol style="list-style-type: none"> i. The MCA/IT format for each of the compliances to be discussed ii. The reason the compliance is required iii. The compliance calendar, as shared in the session's resource material iv. The penalties applicable v. The licenses and permissions required for an FPO's operations <p>If possible, the trainer may arrange an online sharing by key experts (CA and CS) who provided services to FPOs with good compliance records. In this, they can talk about the common issues and how the FPOs can avoid these issues.</p>
Task 3: Review of an FPC's compliance filings	With permission from an FPO, the trainer may seek access to the FPO's compliance filings and use it in the training session (strictly for learning purposes), if possible.
Task 4: Q&A session	The trainer will facilitate a Q&A session on this topic and conclude the session after summarizing the key learnings.

Questions for Discussion

The facilitator or trainer can use the following trigger questions to engage participants in a productive discussion or debate within the broad framework of the session:

- i. Why are statutory compliances important for an FPO?
- ii. What are the compliances that you are aware of?
- iii. Who are the professionals who will assist in meeting the compliance requirements?
- iv. What are the permissions required for an FPO's operations?
- v. What are the tax provisions specific to FPOs?
- vi. What could be the regulatory requirements related to FPOs business activities?

Background Reading

Resource material on capacity building of Other Stakeholders

