

SEMESTER-II
COURSE 3: FINANCIAL ACCOUNTING - I

Theory: 5 hrs/week

Credits: 4

Course Objectives

This course is designed to:

- Understand and explain the foundational principles, concepts, and process of accounting, including classification and rules of debit and credit;
- Record and process business transactions through journals, ledgers, subsidiary books;
- Apply and compare different methods of depreciation and amortisation to account for asset value reduction;
- Identify and distinguish between provisions and reserves and apply their treatment in final accounts with suitable adjustments; and
- Prepare accurate final accounts (Trading, Profit & Loss, and Balance Sheet) incorporating necessary adjustments.

Course Outcomes (COs)

Upon successful completion of this course, students will be able to:

CO1: Understand the basic concepts of financial accounting;

CO2: Analyse the accounting process;

CO3: Enable the students to understand the various methods of depreciation and its calculation;

CO4: Examine the impact of provisions and reserves on profitability of business;

CO5: Workout final accounts and assess the financial position of the concern.

SYLLABUS

Unit - I: Introduction

Meaning – Definitions – Objectives – Functions – Book keeping and Accounting – Branches of Accounting – Advantages and Limitations – GAAP – Accounting Concepts and Conventions – Accounting Cycle – Double Entry Accounting System – Classification of Accounts – Debit and Credit Rules. (Theory)

Unit - II: Accounting Process

Journal – Ledger – Subsidiary Books – Single, Double and three Column Cash Book – Preparation of Trial Balance (Including Problems)

Unit - III: Depreciation & Amortisation

Meaning and Causes of Depreciation & Amortisation – Depreciation Vs Amortisation – Methods of Depreciation: Straight Line – Written Down Value – Annuity (Including Problems).

Unit - IV: Provisions and Reserves

Provisions and Reserves – Meaning – Objectives – Types of Provisions and Reserves – Differences between Provisions and Reserves – Accounting Treatment – Journal Entries (Including Problems).

Unit - V: Final Accounts

Preparation of Trading Account, Profit & Loss Account and Balance Sheet with Adjustments and Adjusting entries (Including Problems)

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Student Activities

- Quiz on accounting principles, concepts, and classification of accounts.
- Assignment on classification of accounts and journal entries.
- Group activity: calculation of problems on depreciation using different methods.
- Comparative presentation of Depreciation and Amortisation.
- Field-based report: Collect and analyse final accounts of a local business.

Reference Books

1. Ranganatham, G., & Venkataramanaiah, M. (2019). *Financial accounting*. New Delhi: S. Chand Publications.
2. Jain, S. P., & Narang, K. L. (n.d.). *Accountancy*. Ludhiana: Kalyani Publishers.
3. Arulananadam, M. A. (n.d.). *Advanced accountancy*. Mumbai: Himalaya Publishing House.
4. Goyal, V. K. (n.d.). *Financial accounting*. New Delhi: Excel Books.
5. Tulsian, P. C. (n.d.). *Accountancy-I*. New Delhi: Tata McGraw Hill Publishing Co.

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Format of Model Question Paper
Semester-wise Syllabus under CBCS
(w.e.f. 2025-26 Admitted Batch)

SEMESTER - II
COURSE 3: Financial Accounting-I

Time: 3 hrsMax. Marks 75

Section A

Answer any Five of the following $5 \times 3 = 15$ M

1. Book Keeping
2. Accounting Process
3. Journal
4. Contra entry
5. Methods for providing Depreciation
6. Causes of depreciation
7. Types of provisions
8. Reserves vs Provisions
9. Benefits of Final Account
10. Profit and Loss Account

Section - B

Answer Five Questions. Attempt One question from each unit

$5 \times 12 = 60$ M

UNIT-1

11. Discuss briefly the various Concepts and Conventions of Accounting.

(OR)

12. Classify the following accounts into personal, real and nominal

- a) Goodwill
- b) Accrued income
- c) Debtors
- d) Rent Received
- e) Drawings
- f) Doubtful Debts
- g) Sanjai Mills Ltd
- h) Land Buildings
- i) Carriage
- j) Cash in Hand
- k) Profit & Loss Account
- l) Loose tools

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UNIT-II

13. Journalise the following transactions in the books of Kapil:

2022

Date	Particulars	Rs.
June 1	Started business with cash	45,000
2	Cash paid into bank	25,000
3	Purchase of furniture and payments by cheque	5,000
5	Sold goods for cash	8,500
8	Sold goods on credit to Arvind	4,000
10	Goods purchased on credit from Amritlal	7,000
12	Goods returned to Amritlal	1,000
21	Withdrew from bank for private use	1,000
28	Cash paid to Amritlal in full settlement of his account	5,940
30	Rent paid	1,000

(OR)

14. Prepare a three column cash book for the month of March 2022 from the following transactions:

March 2022

1. Cash in hand Rs.55,000 and cash at bank Rs.35,000
2. Bought goods by cheque Rs.10,000
3. Paid trade expenses Rs.1,000
4. Received a cheque from Naresh for Rs.30,000 and deposited into bank on the same day.
5. Paid Rs.2,000 to Kumar by cheque in full settlement of Rs.2,100
6. Sold goods to Vijay Rs.5,000
7. Naresh's cheque dishonoured.
8. Received cheque from Vijay for Rs.5,000.
9. Withdrew from bank for personal use Rs.5,000
10. Withdrew from bank for office use Rs.6,000
11. Cash sales Rs.10,000
12. Received a cheque from Rakesh for Rs.5,900 in full settlement of an amount of Rs.6,000.

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UNIT-III

15. A firm purchases a 5 years' lease for Rs. 80,000 on 1st January. It decides to write off depreciation on the Annuity method, presuming the rate of interest to be 5% per annum. The annuity tables show that a sum of Rs. 18,478 should be written off every year. Show the lease account for five years. Calculations are to be made to the nearest rupee.

(OR)

16. A company whose accounting year is calendar year purchased on 1-4-1997 machinery costing ₹.60,000. It further purchased machinery on 1st October, 1997 costing ₹.40,000 and on 1st July, 1998 costing ₹.20,000. On 1-1-1999 one third machinery which was installed on 1-4-1997 became old was sold for ₹. 6,000. Show how machinery account would appear in the books of the company. The depreciation be charged at 10% on written down value method.

UNIT- IV

17. Rajan & Co. provides ₹ 50,000 annually towards provision for repairs and renewals. On 1-1-2023 the provision account showed a balance of ₹ 38,000. Actual repairs for three accounting years 2023, 2024 and 2025 were as follows:

2023 - ₹ 42,000;

2024 - ₹ 46,000;

2025 - ₹ 69,000.

Draw up the provision for Repairs & Renewals A/c for all the three years

(OR)

18. The Provision for Bad and Doubtful debts account shows a credit balance of Rs. 2,000 on 1st January 2023. The Bad debts during the year 2023 amount to Rs. 1,600. The sundry debtors on 31st December 2023 are Rs. 32,000. Create a new provision for Bad debts @ 5%. Show Bad Debts A/c and Provision for Bad & Doubtful Debts A/c.

UNIT- V

19. Prepare a trading and profit & loss a/c for the year ended 31st December 2024 and a balance sheet as on that date from the following trial balance of Mr. Akilan:

Dr.	Rs.	Cr.	Rs.
Drawings	450000	Capital	16,00,000
Goodwill	900000	Bills Payable	3,50,000
Buildings	600000	Creditors	7,00,000
Machinery	400000	Purchase Returns	26,500
Bills Receivable	60000	Sales	21,80,000
Opening Stock	400000		
Purchases	510000		
Wages	260000		
Carriage Outwards	5000		
Carriage Inwards	10000		

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Salaries	350000		
Rent	30000		
Discount	11000		
Repairs	23000		
Bank	250000		
Cash	16000		
Debtors	450000		
Bad debts	12000		
Sales Returns	20000		
Furniture	60000		
Advertisements	35000		
General Expenses	4500		
	48,56,500		48,56,500

Adjustments:

- (i) Closing Stock was Rs. 3,50,000.
- (ii) Depreciate Machinery and furniture by 10%.
- (iii) Outstanding wages Rs. 15,000.
- (iv) Prepaid advertisement Rs. 5,000.
- (v) Create 5% on debtors for bad debts as provision.

(OR)

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20. Write adjusting entries.

- a. Outstanding Salaries 10,000
- b. Unexpired Insurance 8,000
- c. Accrued Interest 6,000
- d. Rent received in Advance 4,000
- e. Provide interest on Capital @ 5%, Capital Amount is 10,000
- f. Provide interest on drawings @ 5% Drawings are 5,000
- g. Provide Depreciation on Machinery @10%, Value of Machinery is 20,000
- h. Create provision for bad & doubtful debts @5%. The Sundry debtors are 10000
- i. Closing stock 7000

G. Suresh *none* *A. U.*