**Sri Venkateswara University : TIRUPATI**

Table 6 : B. A (Accountancy)– **Semester VI**

**W.E.F. 2017-18**

**DSC: Compulsory**

**ACCOUNTING FOR SPECIAL ENTITIES**

Teaching Hours :6 per week

**Unit – I : Partnership Accounts 1:**

Partnership – introduction – Fixed and fluctuating capital methods – admission of a partner – new profit sharing ratio – revaluation of assets and liabilities – treatment of goodwill – treatment of undistributed profits and losses – (problems only)

**Unit – II : Partnership Accounts 2:**

Retirement of a partner – revaluation of assets and liabilities – goodwill treatment – undistributed profits – Death of a partner – Dissolution – firm and partnership (insolvent of one partner only) – (problems)

**Unit – III : Instalment Purchase System:**

Instalment purchase system – introduction and features – differences between hire purchase system and instalment purchase system – problems on Instalment purchase system only.

**Unit – IV : Single Entry System:**

Single entry system – introduction and limitations – ascertainment of profit – statement of affairs method – conversion method (simple problems only).

**Unit – V : Brach Accounts:**

Branch Accounts – introduction – types of branches – dependent branches – cost price method and invoice price method – debtors method – stock and debtors method only (problems on dependent branches only)

**MODEL QUESTION PAPER**

**ACCOUNTING FOR SPECIAL ENTITIES**

**Section – A**

**Answer any FIVE of the following. Each question carries 3 marks 5 x 3 = 15**

1. Fixed capital method.
2. Sacrificing ratio.
3. Retirement of a partner.
4. Joint life policy.
5. Features of instalment purchase system.
6. Statement of affairs
7. Differences between single entry system and double entry system.
8. Types of branches.

**Section – B**

**Answer any ONE question from each unit.**

**Each question carries 12 marks** **5X12 =60**

**Unit – I**

1. On 1st January 2010 Arjun and Bhargav entered into a partnership on the following terms.
2. Mr. Arjun and Mr.Bhargav are to contribute capitals of `50,000 and `30,000 respectively
3. Profits and losses are to be shared in the ratiao of 3:2
4. Interest on capital is to be allowed at 5 percent perannum
5. Interest on drawings is to be charged at 2% pa
6. Mr. Arjun is to get a salary of `500 per month
7. Mr. Bhargav is to get commission at 2% on the net profit of the firm before charging any of the above

On 31st December 2010 their trading profits, before giving effect to the above terms, was `60,000. During the year Mr.Arjun has withdrawn `1,000 and Mr.Bhargav`500 from the firm on which interest is to be charged for the whole year.

Prepare profit and loss appropriation account and partners capital accounts

1. Fixed capital method
2. Fluctuating capital method

**OR**

1. The following is the balance sheet of Amar and Sunil who share profits and losses in the ration of 3/5 and 2/5

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | ` | Assets | ` |
| Adhitya’s Capital | 20,000 | Debtors | 20,000 |
| Bhargav’s capital | 16,000 | Buildings | 18,000 |
| Creditors | 24,000 | Plant | 20,000 |
| General reserve | 32,000 | Stock | 24,000 |
| Workmen compensation fund | 8,000 | Cash | 18,000 |
|  | 100,000 |  | 100,000 |

They agreed to admit Chandra on the following terms:-

1. The value of buildings to be increased to `20,000
2. The value of stock to be increased to `32,000
3. There is a liability on workmen’s compensation fund which was determined at `4,000
4. Chandra contributes `20,000 in cash as his share of goodwill
5. Chandra has to bring further cash as would make his capital equal to 20% of the combined capital to Adhitya andBhargav after all adjustments.

Show the necessary ledger accounts in the books of firm and new balance sheet after the admission of Chandra.

**Unit - II**

1. A, B and C are partners in a business, sharing profits and losses in the ratio of 10:7:3.

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | ` | Assets | ` |
| Creditors | 40,000 | Fixed assets | 1,00,000 |
| Reserve fund | 20,000 | Stock | 70,000 |
| Capitals |  | Debtors 30,600 |  |
| A | 80,000 | Less: RBD 600 | 30,000 |
| B | 60,000 | Cash at bank | 20,000 |
| C | 20,000 |  |  |
|  | 2 20,000 |  | 2,20,000 |

C retires on that date subject to the following conditions:

1. Fixed assets are to be depreciated by 20% except buildings worth `40,000 (book value) which is to be valued at `60,000
2. `600 to be written off as bad debts and provision for doubtful debts to be done at 4%
3. The goodwill of the firm to be valued at `32,000
4. Liability for outstanding expenses `4,000 to be provided
5. There were office equipment which were 100% depreciated to be valued at `8,000 on the date of retirement. It was to be brought into books.
6. It was agreed that A and B will share profits equally in future.

Show necessary ledger accounts and balance sheet after C’s retirement.

**OR**

1. Ravinder, Shekhar and Ramana are partners sharing 2:2:1 ratio. On 1-1-2010 their balance sheet was as under

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | ` | Assets | ` |
| Sundry creditors | 18,000 | Cash at bank | 4,000 |
| Reserve fund | 20,000 | Bill receivable | 2,000 |
| Capital A/cs |  | Debtors 20,000 |  |
| Ravinder | 30,000 | Less: Reserve 1,000 | 19,000 |
| Shekhar | 20,000 | Stock | 12,000 |
| Ramana | 2,000 | Machinery | 30,000 |
|  |  | Buildings | 23,000 |
|  | 90,000 |  | 90,000 |

On the above date the firm was dissolved. The assets realised machinery `15,000; buildings `8,000; stock `10,000; Bills receivable – Nil; debtors `8,000. `1,850 included in the creditors need not paid. There is an unrecorded liability of `850 which had to be paid. The expenses of dissolution amounted to `3,000. `1,000 could only be realised from the estate of Ramana on becoming insolvent. Give ledger accounts to be close the books of account. Apply Garner Vs Murray rule.

**Unit – III**

1. Sekhar transport purchased a truck on instalment purchase system from Arun Automobiles on 1-1-2014. The cash price was `1,21,850 and down payment `21,850. The balance was payable in 4 instalments of `25,000 each plus interest at 12% p.a. at the end of 2014, 2015, 2016 and 2017. Sekhar transport provides depreciation at 20% p.a. on written down value method.

Pass journal entries in the books of Sekhar Transport. Also show the accounts.

**OR**

1. Supraja purchased a machine on 1-1-2015 from Suraj on installment system for `36,100 to be paid as follows. On delivery `9,000 at the end of first `12,300, at the end of second year 9,300, at the end of third year `5,500. The vendor charges interest @ 10% p.a. Determine the cash price and write entries in the books of Supraja who charges depreciation at 5% p.a. on diminishing balance method. Prepare necessary accounts in the books of Suraj.

**Unit – IV**

1. Mr Aditya keeps his books on single entry system and supplies the following information.

|  |  |  |
| --- | --- | --- |
| Assets & Liabilities | 1-4-2016 (`) | 31-3-2017(`) |
| Bank | 30,000 | 40,000 |
| Debtors | 40,000 | 50,000 |
| Stock | 60,000 | 64,000 |
| Investments | 1,00,000 | 1,60,000 |
| Creditors | 34,000 | 40,000 |
| Furniture | 30,000 | 70,000 |
| Bills payable | 12,000 | 16,000 |
| Loan from bank | --- | 30,000 |

Aditya has drawn `2,000 pm for domestic purpose and `12,000 from business funds to meet his son’s education expenses. The rent paid to business premises is `2,400 and only, ½ premises is used for business whereas the entire rent was paid from business funds. The furniture is depreciated at 20% pa and `4,000 are to be provided for doubtful debts. Prepare the relevant statements and show the profit or loss made by Aditya for the year ending 31-3-2017.

**OR**

1. Mr. Ragava did not keep his books of accounts under double entry system. From the following information available from his records, prepare profit and loss account for the year ended 31st March 2017 and a balance sheet as at that date. Depreciate equipment by 10%.

|  |  |  |  |
| --- | --- | --- | --- |
| Summary of cash book | | | |
| Dr Cr | | | |
| Receipts | ` | Payments | ` |
| To Balance B/d | 80,000 | By Purchases | 1,40,000 |
| To Sales | 4,00,000 | By Payment to creditors | 2,00,000 |
| To Receipts from Debtors | 3,00,000 | By Sundry expenses | 60,000 |
|  |  | By Cartage | 20,000 |
|  |  | By Drawings | 80,000 |
|  |  | By Balance C/d | 2,80,000 |
|  | 7,80,000 |  | 7,80,000 |

Other information

|  |  |  |
| --- | --- | --- |
|  | 31-3-2016 | 31-3-2017 |
|  | ` | ` |
| Debtors | 90,000 | 1,20,000 |
| Creditors | 1,44,000 | 68,000 |
| Stock of materials | 1,00,000 | 1,60,000 |
| Equipment | 4,00,000 | 4,00,000 |
| Furniture | 30,000 | 30,000 |
| Discount allowed during the year |  | 14,000 |
| Discount received during the year |  | 17,000 |

**Unit – V**

1. A Head Office in Hyderabad has branch at Tirupati to which goods are invoiced by the Head Office at 20% on selling price. All cash received by the branch is daily remitted to Head Office. From the following particulars, show how the branch account will appear in the Head Office books.

|  |  |
| --- | --- |
| Particulars | ` |
| Stock on January 1, 2016 (at invoice price) | 1,00,000 |
| Debtors on 1-1-2016 | 1,20,000 |
| Goods supplied by Head Office (at invoice price) | 3,20,000 |
| Cash sales | 50,000 |
| Cash received from customers | 2,20,000 |
| Goods returned to Head Office at invoice price | 20,000 |
| Cheques received from Head Office |  |
| Wages and Salaries | 45,000 |
| Rent | 5,000 |
| Sundry expenses | 12,000 |
| Stock on 31-12-2016 (at invoice price) | 1,25,000 |
| Debtors on 31-12-2016 | 1,40,000 |

**OR**

1. Virinchi Technologies of Hyderabad is having a Branch at Bangalore. The particulars relating to The Branch as on 31.12.2016 was as follows.

`

Stock at the Branch as on 1.1.2016 22,500

Debtors at the Branch as on 1.1.2016 45,000

Petty Cash at the Branch as on 1.1.2016 450

Goods sent to Branch during the Year 3,78,000

Credit Sales during the year 3,42,000

Remittances from the Branch

for cash sales 90,000

Received from Debtors 3,15,000 4,05,000

Cheques sent to the Branch during the year:

For salaries 13,500

For Rent & Taxes 2,300

For Petty Cash 1,700 17,500

Stock at Branch as on 31.12.2016 37,500

Goods Returned by the branch 3,000

Debtors as on 31.12.2016 72,000

Petty cash as on 31.12.2016 300

Show the Net Profit for the year 2016

**Cluster Electives :**

**Accounting :** teaching Hours 6 per week per subject

**6.1 Auditing**

**6.2 Management Accounting**

**6.3 Project work**

**CLUSTER ELECTIVE – B.A, ACCOUNTING**

**AUDITING**

**Unit-I: Auditing:** Meaning – Objectives – Errors and Frauds - Importance of Auditing – Auditing as a Vigil Mechanism – Role of Auditor in checking corporate frauds.

**Unit-II: Types of Audit:** Based on Ownership and time - Independent, Financial, Internal, Cost, Tax, Government, Secretarial audits.

**Unit-III: Planning of Audit:** Steps to be taken at the commencement of a new audit – Audit programme - Audit note book - Internal check, internal audit and internal control.

**Unit-IV: Vouching and** Investigation: Vouching of cash and trading transactions – Investigation, Auditing vs. Investigation

**Unit-V: Company Audit and Auditors Report:** Auditor's Qualifications – Appointment and Reappointment – Rights, duties, liabilities and disqualifications - Audit report: Contents.

**References:**

1. S.Vengadamani, “Practical Auditing”, Margham Publications, Chennai.
2. Ghatalia, “Principles of Auditing”, Allied Publishers Pvt. Ltd., New Delhi.
3. Pradeesh Kumar, Baldev Sachdeva & Jagwant Singh, “Auditing Theory and Practice, Kalyani Publications, Ludhiana.
4. N.D. Kapoor, “Auditing”, S. Chand, New Delhi.
5. R.G. Saxena, “Principles and Practice of Auditing”, Himalaya Publishing House, New Delhi.
6. Jagadesh Prakesh, “Principles and Practices of Auditing” Kalyani Publications, Ludhiana.
7. Kamal Gupta and Ashok Gupta, “Fundamentals of Auditing”, Tata McGraw Hill
8. B.N. Tondan, “Practical Auditing”, S.Chand, New Delhi.

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**Model Paper**

**III B.A (Accountency)**

**Semester – VI, W.E.F.2017-18**

**AUDITING**

**Time: 3 hours**  **Max.Marks: 75 M**

**Section – A**

**Answer any FIVE of the following. Each question carries 3 marks 5 x 3 = 15**

**1.** a) Auditing b) Auditing as a Vigil Mechanism

c) Internal Audit d) Government Audit

e) Audit Note Book g) Investigation

h) Vouching i) Auditors qualifications

**Section – B**

**Answer any ONE question from each unit.**

**Each question carries 12 marks** **5X12 =60**

**UNIT-I**

**2.** Define Auditing. Explain objectives of Auditing

(or)

**3.** Describe the importance of Auditing.

**UNIT-II**

**4.** Describe the various types of Audit.

(or)

**5.** Distinguish between Cost Audit and Financial Audit

**UNIT-III**

**6.** What steps should be taken in to A/c vehicle commencement of New Audit?

(or)

**7.** What are the contents of Audit programme?

**UNIT-IV**

**8.** “Vouching is the essence of Auditing”. Discuss?

(or)

**9.** Distinguish between Audit and Investigation?

**UNIT-V**

**10.** What are the Rights and duties of company Auditor?

(or)

**11.** What are the contents of Audit Report?

**MANAGEMENT ACCOUNTING**

**Unit–I: Management Accounting:** Interface with Financial Accounting and Cost Accounting

**–** Scope and limitations of management accounting - Functions of Management Accounting

and its importance (Theory only)

**Unit–II**: **Financial statement analysis -** Financial Statement analysis and interpretationComparative statements – Common size analysis and trend analysis (including problems).

**Unit–III:** **Ratio Analysis:** Classification, Importance and limitations - Analysis and interpretation of Accounting ratios - Liquidity, profitability, turnover or activity and solvency ratios (including problems).

**Unit–IV:** **Fund Flow Statement:** Concept of fund: Preparation of funds flow statement. Uses

and limitations of funds flow analysis (including problems).

**Unit–V:** **Cash Flow Statement:** Concept of cash flow – Preparation of cash flow statement -

Uses and limitations of cash flow analysis (including problems).

**References:**

1. Cost Accounting and Management Accounting – T.S. Reddy and Hariprasad Reddy,

Margham publications, Chennai

2. S.N. Maheswari, A Textbook of Accounting for Management, S. Chand Publishing, New

Delhi

3. I.M Pandey, “Management Accounting”, Vikas Publishing House, New Delhi,

4. Shashi K. Gupta & R.K. Sharma, “Management Accounting: Principles and Practice”,

Kalyani Publishers, Ludhiana.

5. Jawahar Lal, Accounting for Management, Himalaya Publishing House, New Delhi.

6. Charles T. Horngren, [et.al](http://et.al/), “Introduction to Management Accounting” Person

EducationIndia, New Delhi, 2002.

7. Murthy & Guruswamy – Management Accounting, Tata McGraw Hill, New Delhi.

8. Dr. Kulsreshtha & Gupta – Practical problems in Management Accounting.

9. Bhattacharya, D., “Management Accounting”, Pearson Education India, New Delhi.

10. S.P. Gupta – Management Accounting, S. Chand Publishing, New Delhi.

**Sri Venkateswara University**

**Model Paper**

**III B.A (Accountency)**

**Semester – VI, April, 2018**

**DSC 3G 6.3 – Management Accounting**

**Time: 3 hours**  **Max.Marks: 75 M**

**Section – A**

**Answer any FIVE questions, each question carries 3 marks 5 X3=15**

**1.** a) Management Accounting b) Financial Statements

c) Liquidity Ratios d) Gross Profit Ratio

e) Funds from operation f) Operating Activities

g) Cash flow statement h) Limitations of Ratio Analysis

i) Common size statement j) Cost Accounting

**Section – B**

**Answer any ONE question from each unit.**

**Each question carries 12 marks** **5X12 =60**

**UNIT-I**

**2.** Explain scope and limitations of Management Accounting

(or)

**3.** Explain the functions & importance of Management Accounting

**UNIT-II**

**4.** Dhandapani & Co. Ltd., furnishes the following Balance Sheets for the years 2014 and 2015.

Prepare common-size balance sheets.

Balance sheets

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Liabilities | 2014  Rs. | 2015  Rs. | Assets | 2014  Rs. | 2015  Rs. |
| Share capital  Reserves  10% Debentures  Creditors  Bills payable  Tax payable | 2,00,000  6,00,000  2,00,000  3,00,000  1,00,000  1,00,000  15,00,000 | 3,00,000  7,00,000  3,00,000  5,00,000  80,000  1,20,000  20,00,000 | Buildings  Machinery  Stock  Debtors  Cash at Bank | 4,00,000  6,00,000  2,00,000  2,00,000  1,00,000  15,00,000 | 4,00,000  10,00,000  3,00,000  2,50,000  50,000  20,00,000 |

(or)

**5.** The following are the extracts from the income statements of Bright Ltd., for the 6 years ending 2015. You are required to calculate trend percentages, taking 2014 as the base year and give two major conclusions you can draw.

*(figures in thousands)*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Particulars | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Sales  Cost of goods sold  Office Expenses  Selling expenses  Net profit/loss | 300  180  40  20  60 | 340  204  42  25  69 | 420  256  45  30  89 | 480  287  50  40  103 | 520  300  55  50  115 | 600  330  60  60  150 |

**UNIT-III**

**6.** The following figures relate to the trading activities of a company for the year ended   
 31-03-2016.

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | Rs. | Particulars | Rs. |
| Sales  Purchases  Closing stock  Sales returns  Dividend received  Profit on sale of fixed assets  Loss on sale of shares  Opening stock | 1,00,000  70,000  14,000  4,000  1,200  600  300  11,000 | Salary of salesmen  Advertising  Travelling expenses  Salaries (office)  Rent  Stationery  Depreciation  Other expenses  Provision for tax | 1,800  700  500  3,000  6,000  200  1,000  2,000  7,000    13,500 |

You are required to calculate

1. Gross profit ratio 2. Operating profit ratio

3. Operating ratio 4. Net profit ratio

(or)

**7.** The following figures are extracted from the Balance Sheet of X Ltd., as on 31st December:

|  |  |  |
| --- | --- | --- |
|  | 2012  Rs. | 2013  Rs. |
| Stock  Debtors  Cash at Bank  Creditors  Bills payable  Provision for Taxes  Bank Overdraft | 25,000  10,000  5,000  8,000  2,000  5,000  5,000 | 40,000  16,000  4,000  15,000  3,000  7,000  15,000 |

Calculate the Current Ratio and Quick Ratio for the two years.

**UNIT-IV**

**8.** Prepare a schedule of changes in working capital from the following Balance Sheets:

Balance Sheets

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Liabilities | 2014  Rs. | 2015  Rs. | Assets | 2014  Rs. | 2015  Rs. |
| Share capital  10% Debentures  Bills payable  Outstanding expenses  Trade Creditors | 50,000  10,000  18,000  6,000  33,000  1,17,000 | 50,000  20,000  6,000  9,000  40,000  1,25,000 | Fixed assets  Investments:  Non-trading  Trading  Inventories  Trade Debtors  Accrued interest  Unexpired insurance  Cash at bank  Cash in hand | 18,000  10,000  8,000  12,000  40,000  4,000  -  17,000  8,000  1,17,000 | 28,000  10,000  9,000  18,000  48,000  6,000  3,000  2,000  1,000  1,25,000 |

(or)

**9.** The following are the summarised Balance Sheets of Malar Industries Ltd., as on 31st December 2009 and 2010:

Balance Sheet

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Liabilities | 2009  Rs. | 2010  Rs. | Assets | 2009  Rs. | 2010  Rs. |
| *Capital:*  7% Redeemable  preference shares  Equity shares  General reserve  Profit & Loss A/c  Debentures  *Current Liabilities:*  Creditors  Provision for tax  Proposed dividend  Bank overdraft | -  40,000  2,000  1,000  6,000  12,000  3,000  5,000  12,500  81,500 | 10,000  40,000  2,000  1,200  7,000  11,000  4,200  5,800  6,800  88,000 | Fixed Assets  *Less:* Depreciation  *Current assets:*  Debtors  Stock  Prepaid expenses  Cash | 41,000  11,000  30,000  20,000  30,000  300  1,200    81,500 | 40,000  15,000  24,000  35,000  500  3,500    88,000 |

Prepare: i) Statement showing changes in the working capital.

ii) A statement of sources and applications of funds.

**UNIT-V**

**10.** From the following data you are required to calculate the cash from operations:

funds from operations for the year 1998 Rs.84,000. Current assets and liabilities as on 1-4-08

and 31-03-09 were as follows:

|  |  |  |
| --- | --- | --- |
|  | 1-4-08  Rs. | 31-03-09  Rs. |
| Trade creditors  Trade debtors  Bills receivable  Bills payable  Inventories  Trade investments  Outstanding expenses  Prepaid expenses | 1,82,000  2,75,000  40,000  27,000  1,85,000  40,000  20,000  5,000 | 1,94,000  3,15,000  35,000  31,000  1,70,000  70,000  25,000  8,000 |

(or)

**11.** From the following Balance Sheets as on 31-03-15 and 31-03-14, prepare a Cash Flow

Statement:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Liabilities | 31.03.2015  Rs. | 1.04.2014  Rs. | Assets | 31.03.2015  Rs. | 1.04.2014  Rs. |
| Share capital  Profit & Loss A/c  General reserve  6% Debentures  Creditors  Outstanding exp. | 1,50,000  80,000  40,000  60,000  40,000  15,000  3,85,000 | 1,00,000  50,000  30,000  50,000  30,000  10,000  2,70,000 | Fixed assets  Goodwill  Stock  Debtors  Bills Receivable  Bank | 1,50,000  40,000  80,000  80,000  20,000  15,000  3,85,000 | 1,00,000  50,000  30,000  50,000  30,000  10,000  2,70,000 |

**SEMESTER – VI – PROJECT WORK**

**Marks: Project work–70+Viva-voce-30 marks**

**Objectives**

1. To impart skills among the students to write a report of their choice in a given area / field.
2. To enable the students to develop necessary insights into the practical field by making use of functional knowledge of different areas attained in the previous years.

**Internship**

During the summer vacation, at the end of the second year, students have to undergo an internship for one month with companies and other Business organizations (including Chartered Accounting Firm).

The student should submit a brief report not exceeding 10 pages on learnings of internship and   
a certificate from the organization, along with the project work.

**Project Work Guidelines**

The students have to submit a Project report on a selected topic of their choice, selecting from the broad areas of their curriculum, guided by a Faculty member.

The students are expected to prepare a project report on a selected topic that should comprise of 50 to 80 pages. The project report is to be valued by the External Examiners suggested by the Board of Studies in Commerce. The project report is to be submitted at the college by 31st March of the year.