

SRI VENKATESWARA UNIVERSITY

FIRST YEAR - II SEMESTER

CBCS - W.E.F. 2022-23 Academic year

Subject: ACCOUNTANCY

Semester-wise Syllabus under CBCS - W.E.F. 2022-23 Academic year

Course-2A: FINANCIAL ACCOUNTING

(Common to B.Com (General/Computer Applications/Taxation/ Computer Applications with Business Analytics & BA Accountancy)

Learning Outcomes:

At the end of the course the student will be able to;

- ▶ Understand the concept of consignment and learn the accounting treatment of the various aspects of consignment.
- ▶ Analyze the accounting process and preparation of accounts in consignment and joint venture.
- ▶ Distinguish Joint Venture and Partnership and learn the methods of maintaining records under Joint Venture.
- ▶ Determine the useful life and value of the depreciable assets and maintenance of Reserves in business entities.
- ▶ Design an accounting system for different models of businesses at his own using the principles of existing accounting system.

SYLLABUS

Unit-I: Depreciation : Meaning and Causes of Depreciation – Methods of Depreciation : Straight Line— Written Down Value - Annuity method and Depletion Method only (Problems).

Unit-II: Provisions and Reserves : Meaning — Provision vs. Reserve — Preparation of Bad Debts Account — Provision for Bad and Doubtful Debts — Provision for Discount on Debtors — Provision for Discount on Creditors – Provision for Repairs and Renewals A/c (Problems).

Unit-III: Insurance claims : Meaning of Claim – Memorandum Trading A/c – Average Clause – Loss of Stock – Amount of Claim (Problems).

Unit-IV: Consignment Accounts: Consignment - Features - Performa Invoice - Account Sales — Del-credere Commission - Accounting Treatment in the Books of Consigner and Consignee - Valuation of Closing Stock - Abnormal Loss (Problems).

Unit-V: Joint Venture Accounts: Joint Venture - Features - Difference between Joint - Venture and Consignment — Accounting Procedure — a. When a separate set of books is kept – preparation of joint venture A/c, Joint Bank A/c and Co-ventures A/c b. When separate set of books is not kept - Preparation of joint venture A/c in both the Co-ventures. (Problems).

Reference Books:

1. Ranganatham G and Venkataramanaiah, **Financial Accounting-II**, S Chand Publications, New Delhi.
2. T.S.ReddyandA.Murthy-**FinancialAccounting**, MarghamPublications.
3. R.L.Gupta&V.K. Gupta,**PrinciplesandPracticeofAccounting**, SultanChand.
4. SNMaheswariandSKMaheswari- **FinancialAccounting**, VikasPublications.
5. S.P.Jain&K.LNarang,**Accountancy-I**, KalyaniPublishers.
6. Tulsan,**Accountancy-I**, TataMcGrawHill Co.
7. V.K.Goyal,**FinancialAccounting**, ExcelBooks
8. T.S.Grewal,**IntroductiontoAccountancy**, SultanChand&Co.
9. HaneefandMukherjee,**Accountancy-I**, TataMcGrawHill.
10. ArulanandamandRamana,**AdvancedAccountancy**, Himalaya Publishers.
11. S.N.Maheshwari&V.L.Maheswari,**AdvancedAccountancy-I**, VikasPublishers.
12. ProfEChandraiah,**FinancialAccounting**, SevenHillsInternationalPublishers.

SuggestedCo-CurricularActivities:

- QuizPrograms
- ProblemSolvingExercises
- Co-operativelearning
- Seminar
- GroupDiscussionson problemsrelatingto topicscoveredbysyllabus
- ReportsonProforma invoiceandaccountsales
- Visitaconsignmentandjointventurefirms(individualandGroup)
- Collectionofproformaofbills andpromissorynotes
- Examinations(Scheduledandsurprisetests)
- Anysimilaractivitieswith imaginativethinkingbeyondtheprescribedsyllabus

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Course2A: FINANCIAL ACCOUNTING

Model Question Paper

Section A

Answer any Five of the following

5X 3=15 M

1. Cost of the Machine ₹ 18,000; Freight and installation charges ₹ 4,000; estimated scrap value ₹ 2000; Calculate the amount of Depreciation and also rate of Depreciation.
2. Any three causes for providing Depreciation.
3. A firm desires to debit its P&LA/c with a uniform figure every year in respect of repairs and renewals it expects that considering the life of the asset as Rs.10,000 will be the average amount to be spent per annum. Actual repairs Rs.1,000 in the first year, Rs.2,300 in the second year and Rs.3,700 in this third year. Show the provision for repairs and renewals A/c
4. Any three differences between Provision and Reserve
5. A fire occurred on 25th April, 2020 in the premises of a company. From the following particulars, ascertain the amount of claim to be lodged in case of the loss of stock which was insured. ₹.

Stock on 1-1-2020	1,20,000
Purchases from 1-1-2020 to date of fire	5,00,000
Wages	1,00,000
Manufacturing expenses	50,000
Sales from 1-1-2020 to the date of fire	7,50,000

The gross profit ratio is 15%. The stock salvaged was estimated at ₹37,500
6. Memorandum Trading Account
7. Who is Consignor and who is Consignee
8. Any three differences between Normal loss and Abnormal loss
9. Any three features of Joint Venture
10. Any three differences between consignment and joint venture

SECTION– B

Answer any one of the following questions 5X12= 60 Marks

11. A firm purchased 5 years lease for Rs.40,000 on 1stJanuary 2005. It has decided to write off depreciation on the annuity method, presuming the rate of interest to be 5 percent per annum.

The annuity table shows that a sum of Rs.9,239 should be written off every year. Show the lease account for five years, (Calculation are to be made to the nearest rupee) in the company books.

12. Y Ltd. leased on June 30 1990 an iron ore mine for a sum of Rs.1,00,000. It is estimated that the total quantity of ore in the mine is 20,000 tonnes. The annual output is as follows:

YEAR	1990	1991	1992	1993
TONNES	1,000	4,000	3,200	4,200

Using the depletion method of depreciation, show the Mine A/c for the four years.

13. Rajan & Co. provides Rs. 50,000 annually towards provision for repairs and renewals. On 1-1-19 the provision account showed a balance of Rs. 38,000. Actual repairs for three accounting years 2019, 2020 and 2021 were as follows: 2019-Rs. 42,000; 2020-Rs. 46,000; 2021-Rs. 69,000. Draw up the provision for Repairs & Renewals A/c for all the three years.

14. Suhana Co. Ltd is maintaining a provision for doubtful debts at 5% and a provision for discount at 2% on debtors. The ledger balance for the year ending 31.12.08 was as follows:

	1.1.08	31.12.08
Provision for doubtful debts	1,500	
Provision for discount	500	
Bad debts written off		1,800
Discount allowed		600
Sundry debtors		20,000
Prepare bad debt account, provision for doubtful debt account and		

discount allowed accounts in the books of Suhana Co. Ltd. For the year ending 31.12.08.

15. The premises of a trading firm caught fire on 22.10.2021 and the stock was damaged. The firm had made up accounts to 31st December.

Stock on 31.12.2020	13,272
Stock on 31.12.2019	9,614
Purchased during 2020	45,258
Purchase from 1.1.2021 to the date of fire	34,827
Sales during 2020	52,000
Sales from 1.1.2021 to the date of fire	49,170

Additional information:

- a. In April 2021 goods which cost Rs. 1,000 were given away for advertising purpose, no entries being made in the books.
- b. During 2021, a clerk had misappropriated unrecorded cash sales. It is estimated that the defalcation amounted to Rs. 400.
- c. The rate of gross profit is constant.

From the above information, make an estimate of the stock on the date of fire.

16. Fire occurred in the premises of Gharib Dass on 1st April, 2021 and a considerable part of the stock was destroyed. The stock salvaged was Rs. 56,000. A fire insurance policy for Rs. 3,42,000 was taken to cover loss of stock by fire. You are required to ascertain the insurance claim which the company should claim from the insurance company for the loss of stock by the fire from the following particulars:

Purchases for the year 2020	18,76,000
Sales for the year 2020	23,20,000
Purchases from 1 st January, 2021 to 1 st April, 2021	3,64,000
Sales from 1 st January, 2021 to 1 st April, 2021	4,80,000
Stock on January 1, 2020	2,88,000
Stock on 31 st December, 2020	4,84,000
Wages paid during the year 2020	2,00,000
Wages paid during 1 st January, 2021 to 1 st April, 2021	36,000

Fire also broke out on 21st December, 2020 and destroyed stock of the estimated cost of ₹. 1,00,000. There was a practice in the concern to value stock at cost less 10%, but all of a sudden this practice was changed and stock on 31st December, 2020 was valued at cost plus 10%.

17. Desai of Mumbai sent 1,000 Sewing Machines to Dilip of Hyderabad costing of Rs. 500 each. Expenses incurred by Desai amounted to Rs. 4,500. Dilip is entitled to a commission of 6% sales. Dilip took delivery of the Machines and spent Rs. 1,900 towards expenses. He sold the entire consignment of 1,000 Sewing Machines at the rate of Rs. 510 each. Dilip sent the accounts sales to Desai and sent a bank draft for the amount due by him. Pass necessary journal entries and prepare necessary Ledger Accounts in the books of both the parties.

18. A of Ahmadabad sent 50 cases of goods to B of Bombay at Rs. 200 per case. Expenses on consignment incurred by the consignor amounted to Rs. 300, B worked as Del Credere Agent. His ordinary commission was 5% and Del Credere commission 7½%. In due course B sent an Account Sales to A giving the following information.

- a) Sales proceeds of 40 cases, Rs. 11,000.
- b) Stock of unsold goods on hand, 10 cases.
- c) Consignee's expenses amounted to Rs. 120.
- d) Consignee charged commission at agreed rates.
- e) A bank draft for Rs. 8,000 was sent by B along with the accounts sales. Show the necessary accounts in the books of A.

19. A and B doing business separately as building contractors, undertake jointly to construct a building for a newly started Joint Stock Company for a contract price of Rs. 1,00,000 payable to Rs. 80,000 by instalments in cash and Rs. 20,000 in fully paid shares of the Company. A Banking Account is opened in their joint names, A paying in Rs. 25,000 and B Rs. 15,000, They are to share the profits and losses in the proportions of and respectively. Their transactions were as follows:

20.

Paid wages	30,000
Bought material	70,000
Materials supplied by A	5,000
Materials supplied by B	4,000
Architect's Fees paid by A	2,000

The contract was completed and the price (cash and shares) duly received. The Joint Venture was closed by A taking up all the shares of the Company at an agreed valuation of Rs. 16,000 and B taking up the stock of materials at an agreed valuation of Rs. 3,000. Show the necessary Ledger accounts.

21. 'A' in Bangalore enters into a Joint venture with 'B' in Bombay to ship Cotton bales to C in Japan. A sends Cotton to the value of Rs. 30,000 and pays railway freight etc. Rs. 1,500 and Sundry expenses Rs. 1,575. B sends goods valued at Rs. 20,750 and pays freight and insurance Rs. 1,200, dock dues Rs. 200; Customs charges Rs. 500 and other Sundry expenses Rs. 500. A advances to B Rs. 6,000 on account of the venture. B receives account sales and remittance of the net proceeds from C in Japan for the whole of the goods amounting to Rs. 80,000. Show how joint venture Account and B and A's accounts would appear in the books of A and B respectively.

Note : Question Paper setters are strictly requested to prepare the question papers as per the model question paper enclosed. No theory questions are to be given in the place of problem questions.