



**PARVATHANENI BRAHMAYYA  
SIDDHARTHA COLLEGE OF ARTS & Science**  
*Autonomous*  
Siddhartha Nagar, Vijayawada – 520010.  
*Re-accredited at 'A+' by the NAAC*

**23COMAL121: Financial Accounting**      **Offered to : B.Com Honours (All Programs)**  
**Year of Introduction: 2023-24**      **Major 3**  
**Semester : II**      **75 Hours**      **Credits : 4**

**Prerequisite: (Fundamentals of Commerce 23COMT11)**

After completion of this course, the students can be able to

**CO1:** Classification of errors and their effect after rectification on final accounts.

**CO2:** Compute the value of depreciation and valuation of assets of the business.

**CO3:** Ability in preparation of final accounts.

**CO4:** Understanding with regard to special transactions related to accounting for consignment.

**CO5:** Understand special transactions relating to joint venture business.

**Mapping of Course Outcomes (COs) with Programme Outcomes (POs) & PSOs**

CO	PO1	PO2	PO3	PO4	PO5	PO6	PSO1	PSO2	PSO3
CO1					3	2			
CO2					3	2			
CO3						3			
CO4					2				
CO5					2				

**Unit-I: Rectification of Errors:** Preparation of Trial balance - Errors – Meaning – Types of Errors – Rectification of Errors – Suspense Account (including Problems)

**Unit-II: Depreciation:** Meaning and Causes of Depreciation - Methods of Depreciation: Straight Line – Written Down Value – Annuity and Depletion Method (including Problems).

**Unit-III: Final Accounts:** - Final accounts - Preparation of Trading account, Profit & loss account and Balance Sheet- Final Accounts **Adjustments:** Closing stock , Outstanding expenditure and Income , Prepaid Exp., Received in advance Income, Depreciation , Appreciation , RBD , Bad debts, Discount on Debtors , Goods used for personal use and used for free samples , Goods destroyed by Fire accidents.

**Unit-IV: Consignment Accounts:** Consignment - Features - Proforma invoice - Account Sales – Del-Credere Commission - Accounting Treatment in the Books of Consigner and Consignee - Valuation of Closing Stock - Normal and Abnormal Losses (including Problems).

**Unit-V: Joint Venture Accounts:** Joint Venture - Features - Difference between Joint-Venture and Consignment – Accounting Procedure – Methods of Keeping Records–One Vendor Keeps the Accounts and Separate Set off Books Methods (including Problems).

**Text Book**

S.P. Jain & K.L Narang, Financial Accounting, Kalyani Publishers.

**Ref. Books**

Financial Accounting, Himalaya Publications. Dr.Prashanta Athma.

Financial Accounting Volume 1, Central Publicaitons, S. KR. Paul Revised edition, 2020

Financial accounting Volume 1 Shukla Grewal S. Chand publications 2020 edition.

Financial Accounting, S Chand Publications.

**Structure of the I & II IA TEST Question Paper (30Marks)**

Section A: Set 2 questions with internal choice one from (I & II units). Each question Carries 5 Marks.

Section B: Set 2 questions with internal choice one from (III & IV units). Each question Carries 10Marks

**Structure of the SEE Question Paper (70 Marks)**

Section A: Set 5 questions with internal choice one from each unit. Each question Carries 4 Marks.

Section B: Set 5 questions with internal choice one from each unit. Each question Carries 10 Marks.



**Model Question Paper**

**23COMAL121: FINANCIAL ACCOUNTING** Offered to: **B. Com. Honour (GE,CA,BK,FI,TP,BP)**  
**Year of Introduction: 2023-24** Major 3  
**Time: 3 Hours** Max. Marks: 70 Marks

**Section-A**

**Answer the following questions**

**5 x 4 = 20 Marks**

1. A) What is a Trial Balance? What are the methods for the preparation of Trial Balance? (CO1, L2)  
(Or)  
B) What is meant by an Error? What are the different types of Errors? (CO1, L2)
2. A) Define the term Depreciation and explain the factors of Depreciation. (CO2, L1)  
(Or)  
B) What are the methods of providing Depreciation?. (CO2, L1)
3. A) What is Reserve for Bad Debt? Explain the treatment in Final Accounts. (CO3, L2)  
(Or)  
B) Explain about Capital and Revenue items. (CO3, L3)
4. A) What is meant by Consignment? What are the features of Consignment? (CO4, L1)  
(Or)  
B) What are the differences between Consignment and Sale. (CO4, L3)
5. A) What are the differences between Joint Venture and Consignment? (CO5, L2)  
(Or)  
B) What are the methods for recording Joint Venture transactions? (CO5, L3)

**Section - B**

**Answer the following questions**

**5 x 10 = 50 Marks**

6. A) Pass the rectification entries and prepare suspense A/c for the following transactions:
    - a) A cheque for Rs.220 received from a tenant for the rent has not been posted to rent a/c
    - b) An amount due from Ramu Rs.160 had been written off as bad but the entry has been made in the personal account only.
    - c) The discount column on the debit side of the cash book Rs.200 had been credited to discount account.
    - d) The sales day book is under cast by Rs3,150.
    - e) Rs.95 received for commission is not posted to commission account.
    - f) Goods returned by Krishna Rs.27 entered in returns book but not posted to his account.
- OR**
- B) The books of A. Vijayan did not agree. The accountant placed the difference of Rs. 1,270 to the debit of Suspense Account. Rectify the following errors and prepare Suspense Account.
- a) The total of the Purchase Returns Book Rs. 210 has not been posited.
  - b) A slae of Rs. 430 to Krishna Textiles has been credited as Rs. 340.
  - c) A purchase of Rs. 400 from Sankaran has been entered in the Sales Book. However, Sankaran's Account has been correctly credited.

- d) A sale of Rs. 296 to Kailasam has been entered in the Sales Book as Rs. 269.  
 e) An onl furniture sold for Rs. 540 has been entered in the sales account as Rs. 450.  
 f) Goods taken by proprietor Rs. 75, have not been entered in the books at all. **(CO1, L3)**

7. A) Rajesh purchased a second hand machine for Rs.18,000 on 1st April, 2013: He spent Rs.2,000 on its overhaul and installation. Depreciation is written off at 10 per cent per annum on the original cost. On 30th June 2016 the machine was found to be unsuitable and sold for Rs.4,000 Prepare the Machine account from 2013 to 2016 assuming that the account are closed on 31st December every year.

(Or)

B) A Lease is purchased on 1st January 2000 for 5 years at a cost of Rs.50,000. It is proposed to depreciate the lease by annuity method charging 5% interest. A reference to the Annuity table shows that to depreciate Re.1 by annuity method over 5 years, charging 5% interest, the amount to be written off is Re. 0.230975.

Show the Lease account for five years and also the relevant entries in the Profit and Loss Account.

8. A) From the following Trial Balance of Smt. Girija Stores, prepare final accounts for the year ending 31-12-2015.

<b>Trial Balance</b>			
<b>Debit Balance</b>	<b>Amount</b>	<b>Credit Balance</b>	<b>Amount</b>
Purchases	70,000	Sales	1,00,000
Sales Returns	1,000	Capital	80,000
Carriage	500	Purchase returns	2,000
Salaries	1,500	Creditors	25,000
Rent	1,000	Commission	2,000
Insurance	500	Provision for bad debts	2,100
Debtors	20,000	Bills payable	5,000
Plant & Machinery	50,000		
Furniture	9,000		
Cash at Bank	20,000		
Opening Stock	25,000		
Bills receivable	16,000		
Wages	1,100		
Advertisement	500		
	<b>2,16,100</b>		<b>2,16,100</b>

**Adjustments :**

1. Closing stock Rs 30,000
2. Outstanding salaries Rs.200
3. Depreciate Machinery by 10%, Furniture by 5%.
4. Provide 5% reserve for bad debts on debtors.
5. Prepaid wages Rs.100.

(Or)

B) From the following trial balance prepare final accounts for the year ending 31-12-2002.

<b>Debit balances</b>	<b>Amount</b>	<b>Credit balances</b>	<b>Amount</b>
Salaries	12,000	Capital	50,000
Purchases	52,000	Sales	94,000
Trade expenses	2,000	Discount	400
Wages	15,600	Creditors	42,000
Carriage	800	Bills payable	13,000
Audit fees	1,000	Reserve for bad debts	600
Commission	1,200		
Bad debts	2,400		
Debtors	60,000		
Furniture	6,000		
Machinery	20,000		
Insurance	800		
Bills receivable	4,000		
Opening stock	14,000		
Cash in hand	1,000		
Cash at bank	7,000		
Income tax	200		
	<b>2,00,000</b>		<b>2,00,000</b>

**Adjustments:-**

- 1) Closing Stock Rs.22,000
- 2) Create reserve for bad debts @ 5% on Debtors
- 3) Furniture purchased on credit Rs.1,000 was not recorded in the books.
- 4) Stock destroyed by fire Rs.5,000, and claim admitted by the insurance company Rs.2,000.

9. A) Bharat cycles of Vijayawada consigned to Hind Bros. of Guntur 1,000 bicycles at Rs.300 each. Bharat cycles paid freight Rs.20,000 and insurance Rs.3,000. During the transit 100 bicycles were totally damaged by fire. Hind Bros. took delivery of the remaining cycles and paid Rs.1,500 for Octroi.

Hindu Bro. sent a bank draft for Rs.1,00,000 as advance payment and later sent an account sales showing that 800 bicycles were sold at Rs.400 each. Expenses incurred for rent and insurance amounted to Rs.4,000. Hind Bros. is entitled to commission at 5 % on sales. Prepare necessary accounts in the books of Bharat cycles assuming that the insurance claim was settle for Rs.28,000.

(Or)

B) Harilal of Mumbai consigned 100 cycle to Hyder Ali of Hyderabad. The cost of each cycle was Rs.800. Harilal paid packing charges Rs.5,000. Hyder Ali paid rs.2,000 for freight and Rs.1,000 for godown rent. Hyder Ali is entitled to a commission of 5% on gross sales. He sold 50 cycles at Rs.1,000 each for cash and 30 cycles at Rs.1,100 each on credit. Hyder Ali could not recover Rs.1,100 from a debtor. The consignee is not getting any delcredere commission. Hyder Ali sent the account sales along with a cheque for the amount due to Harilal. Prepare the necessary Ledger accounts in the books of both the parties.

10. A) Jolly and Happy undertake jointly to construct a building for Hyderabad insurance Co. Ltd., for contract price of Rs.9,00,000 payable as to Rs.7,20,000 by instalments in cash and Rs.1,80,000 in fully paid shares of the company. A Joint Bank Account is opened in their names, Jolly paying in Rs.2,25,000 and Happy Rs.1,35,000. They are to share Profit of Loss in the proportion of 2/3 and 1/3 respectively. Their transactions were as follows

	Rs.
Paid wages	2,70,000
Bought materials	6,30,000
Materials supplied by Jolly from his stock	45,000
Materials supplied by Happy from his stock	36,000
Architect's Fees paid by Jolly	18,000

The contract was completed and the Price duly received. The joint venture was closed by Jolly taking up all the shares of the company at an agreed valuation of Rs.1,44,000 and Happy taking up the stock of materials at an agreed valuation of Rs.27,000.

Prepare the Joint Venture Account and the accounts of Jolly and Happy, showing the final distribution of cash.

(Or)

B) Satyam and Shivan entered into a joint venture to purchase and sell timber. Profits and Losses were to be shared equally. Satyam financed the venture and Sivam undertook the sales. Sivam is entitled to a commission of 5% on the sale proceeds.

Satyam purchases goods to the value of Rs.60,000. He also paid towards freight Rs.1,600 and advance Rs.1,000 to Sivam to meet the expenses of Joint Venture. Sivam paid for carriage Rs.200, Rent Rs.400 and sundries Rs.100. Sales made by Sivam amounted to Rs.74,500. It was agreed that Satyam should receive Rs.3,400 as interest on his investments. The remaining stock of unsold goods was taken over by Sivam at the agreed valuation of Rs.2,700.

Give journal entries and show Joint Venture Account in the books of Satyam.

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