

CBM- 106 FINANCIAL ACCOUNTING

Course Title	Financial Accounting	Course Code	CBM-106
Year/Semester	I Year	Course Group	Core
Teaching Scheme in Hrs(L:T:P)	4:1:0	Credits	3
Methodology	Lecture+ Assignments	Total Contact Hours	150
CIE	60 Marks	SEE	40 Marks

Prerequisite:

The students should have basic knowledge of English and General Mathematics

Upon completion of the course the student shall be able to

COURSE OUTCOME	
CO1	Able to understand basic concept of Business Firms and Accountancy
CO2	Able to Classify accounts and Analyse the transactions and able to Prepare and maintain Journal and Ledger Accounts by applying the rules of accounts by following Accounting Standards of India
CO3	Identify various Subsidiary Books of Accounts and choose appropriate Book to post the credit transactions into relevant subsidiary books and able to Prepare all types of Cash Books
CO4	Able to Prepare Trail balance and Rectify errors and Prepare final accounts with all Adjustments and tally the Balance Sheet.
CO5	Able to Prepare of Receipts and Payments Account and Income and Expenditure Account of Non-trading concerns. and Preparation of Balance-sheet of Non-trading concerns
CO6	Understand accounting treatment for Admission of a Partner, Retirement of a Partner, Death of a partner and Dissolution of a partnership

COURSE CONTENT

UNIT-I: INTRODUCTION

Duration: 20 HOURS

Business organisation and its scope– Business, Profession, Industry, Trade and Aids to Trade, Types of Industry, Commerce-Non Trading Organisations- Types of Business Concerns- Sole Proprietorship- Partnership-Co-Operative Society.

Accounting – Definition- Meaning- Objectives- Merits and Demerits- Branches of Accounting-Accounting and concepts and terminology.

UNIT-II JOURNAL & LEDGER

DURATION:25 HOURS

Journal - Recording of Transactions–Journal–Define Journal–Types of accounts – Rules of Debit and Credit – Compound Journal Entry.

Ledger - Classification of Recorded Transactions – Meaning of ledger, Posting the recorded transactions into separate accounts of Ledger book and balancing the ledger accounts.

UNIT-III SUBSIDIARY BOOKS &CASH BOOKS

DURATION: 25 HOURS

Subsidiary Book - Subsidiary Books - Need of Subsidiary Journals –List of Subsidiary Books, Purchases Book and Purchases Returns Book, Sales Books and Sales Returns Book.

Cash Book- Simple or Single Column Cash Book, Double Column Cash Book, Three Column Cash Book.

UNIT –IV FINAL ACCOUNTS OF TRADING CONCERNS

DURATION:25 HOURS

Trial Balance & Rectification of Errors – Liquidity method and balances method–Errors disclosed by Trial balance – Errors not disclosed by Trial Balance and Rectification of Errors.

Final Accounts -Trading Account, Profit and Loss Account, Balance Sheet with Adjustments related to Expenses & Incomes and Losses & Profits.

UNIT-V FINAL ACCOUNTS OF NON-TRADING CONCERNS

DURATION: 25 HOURS

Non-Trading Concerns- Preparation of Receipts and Payments Account and Income& Expenditure Account. Preparation of Balance Sheet of a Non-Trading Organisation

UNIT- VI PARTNERSHIP ACCOUNTS

DURATION: 30 HOURS

Partnership Accounts - Admission of a Partner - Introduction – Meaning and features - Distribution of profits – Profit and Loss Appropriation a/c- Differences between P & L a/c and Profit and Loss Appropriation a/c - Methods of Preparing Capital Accounts – Practical problems - Goodwill – Meaning and methods of Goodwill calculation, factors influencing goodwill. New Profit sharing ratio – Revaluation of Assets and Liabilities -Treatment of Goodwill – Preparation of necessary accounts on the Admission of a Partner solving the practical problems.

Retirement of a Partner - Preparation of P & L Adjustment a/c (or) Revaluation account, capital accounts and new Balance Sheet. Solving the practical problems on the Retirement of partner.

Death and Dissolution - New profit sharing ratio, goodwill treatment methods, preparation of P & L Adjustment a/c (or) Revaluation a/c, capital a/c and new Balance Sheet – Settlement of accounts on the death of a partner – solving the practical problems -Meaning of dissolution – Differences between P&L adj. Account and Realisation account – solving the practical problems.

Reference Books

1. T S _Introduction of Accountancy
2. Grewal T S _Double Entry Book-Keeping
3. Maheswari S.N. _Introduction to Accountancy
4. Gupta and Gupta _Principles and Practice of Accountancy
5. Jain and Narang _Accounting–Volumes I&II
6. Telugu Academy Text books prescribed for Intermediate course

Suggested Learning Outcomes

CO1: Able to understand basic concepts of Business Firms and Accountancy

- 1.1 Mention different occupations –Business, Profession, Industry
- 1.2 Define Trade Aids to Trade
- 1.3 List the components of Aids to Trade
- 1.4 Define Commerce.
- 1.5 Define Industry
- 1.6 List the different types of industries.
- 1.7 Explain each type of industry
- 1.8 List different forms of Business Organisation.
- 1.9 State the meaning of Sole trader
- 1.10 List the characteristics of Sole trader
- 1.11 Define the terms Partnership.
- 1.12 List the different types of partners
- 1.13 Define the meaning of Co-operative society.
- 1.14 List the Characteristics and Functions of Co-operative society
- 1.15 Define Accountancy
- 1.16 State the objectives and merits and demerits of Accountancy
- 1.17 Define the different branches of Accounting
- 1.18 Define Accounting concepts and Terminology

CO2: Able to Classify accounts and analyse the transactions and able to Prepare and maintain Ledger Accounts by applying the rules of accounts by following Accounting Standards of India

- 2.1 Define Journal and types of accounts.
- 2.2 Explain rules of Debit and Credit for each type of account.
- 2.3 Prepare Journal Entries for cash and credit transactions.
- 2.4 Pass Journal Entries involving Personal, Real and nominal types of accounts.
- 2.5 Explain compound journal entry and prepare Journal entries when the creditor allowed discount and when the debtor received discount.
- 2.6 Distinguish between Trade Discount and Cash Discount.
- 2.7 Define Ledger with its proforma.
- 2.8 Post the journal entries into the ledger accounts.
- 2.9 Balancing the ledger accounts (when transactions occur only on one side i.e., Debit/Credit side of an account, when only a single transaction occurs in an account and when transactions appear on both sides).

CO3: Identify various Subsidiary Books of Accounts and choose appropriate Book to post the credit transactions into relevant subsidiary books and able to Prepare all types of Cash Books

- 3.1 Mention/List different types of Subsidiary Books.
- 3.2 Explain Purchase Book with their formats.
- 3.3 Explain the terms Inward/Outward Invoices with format.
- 3.4 Prepare Purchase Returns books with formats.
- 3.5 Explain Debit Notes with formats.
- 3.6 Prepare Purchases Book, Purchase Returns Book with transactions.
- 3.7 Explain Sales Books with their formats.
- 3.8 Prepare Sales Returns books with formats.
- 3.9 Explain Credit Notes with formats.
- 3.10 Prepare Sales Book and Sales Returns Book with transactions.
- 3.11 State the need for preparing Cash Book.
- 3.12 Prepare Simple cash book, Double column and Triple column Cash Book. Define the terms Cheque, Demand Draft, Discount allowed/received and CONTRA entry.
- 3.13 Prepare Petty Cash Book
- 3.14 Prepare Imprest system of Petty Cash Book.
- 3.15 Mention the items appearing in Journal Proper-Opening entries, Closing entries,
- 3.16 Adjustment entries, Rectification entries and the irrespective entries in journal.

CO4: Able to Prepare Trial balance and Rectify errors and Prepare final accounts with all Adjustments and tally the Balance Sheet.

- 4.1 Define Trial Balance with proforma.
- 4.2 Explain the need for Trial Balance
- 4.3 Explain two methods of preparing Trial Balance (1. Liquidity Method and Balances Method)
- 4.4 List the errors disclosed by Trial Balance
- 4.5 List the errors not disclosed by the Trial Balance.
- 4.6 Define Suspense Account
- 4.7 Explain the significance of suspense account.
- 4.8 Explain the need for preparation of Final Accounts.
- 4.10 Explain contents of Trading account, Profit and Loss account and Balance

Sheet (without adjustments) with formats.

4.20 Prepare Trading Account.

4.30 Prepare Profit and Loss Account.

4.40 Prepare Balance Sheet.

4.50 Distinguish between direct expenses and indirect expenses.

4.60 Distinguish between direct incomes and indirect incomes.

4.70 Prepare final accounts (with adjustments on Outstanding expenses, prepaid expenses, accrued income, income earned but not received, depreciation and appreciation on assets, bad debts and provision for bad and doubtful debts, discount on debtors, discount on creditors, interest on capital, loss of stock due to fire etc.)

CO5: Able to Prepare of Receipts and Payments Account and Income and Expenditure Account of Non-trading concerns. and Preparation of Balance-sheet of Non-trading concerns

5.1 Prepare current years balance sheet with the given Adjustments Distinguish between trading and non-trading concerns.

5.2 Explain the terms capital and revenue expenditures and capital and revenue receipts.

5.3 Differentiate between capital/revenue receipt and expenditure.

5.4 Explain the term deferred revenue expenditure.

5.5 Explain the terms used in non-trading concern's final accounts.

5.6 Draw the proforma of Receipts and Payments account.

5.7 Explain the features of Receipts and Payments Account.

5.8 Draw the proforma of Income and Expenditure account.

5.9 Explain the features of Income and Expenditure Account.

5.10 Compare the Income and Expenditure Account with the Profit and Loss Account.

5.11 Compare the Receipts and Payments Account with the Cash book.

5.12 Compare the Receipts and Payments account with the Income and Expenditure account.

5.13 Prepare Receipts and Payments Account from the list of balances.

5.14 Prepare Income and expenditure account from the receipts and payments account or list of balances.

5.15 Draw the proforma of Balance Sheet of Non-Trading concerns

5.16 Explain the features of Balance Sheet of Non-trading concerns

CO-6: Understand accounting treatment for Admission of a Partner, Retirement of a Partner, Death of a partner and Dissolution of a partnership

- 6.1 Calculation of new profit sharing ratio on admission of partner.
- 6.2 Various methods of treatment of goodwill on admission of new partner
- 6.3 Profit and Loss adjustment account or Revaluation account.
- 6.4 Accounting treatment in case of admission of a new partner preparing Revaluation account, capital accounts and new balance sheet.
- 6.5 Calculation of new profit sharing ratio on retirement of partner.
- 6.6 Calculation of gaining ratio.
- 6.7 Various methods of treatment of goodwill on retirement of a partner
- 6.8 Accounting treatment in case of retirement of partner -preparing Revaluation account,
capital accounts and new balance sheet
- 6.9 Settlement of accounts in the case of death of a partner.
- 6.10 Meaning of Dissolution
- 6.11 Circumstances leading to dissolution of partnership.
- 6.12 Meaning of Realization account.
- 6.13 Distinction between Realization account and Revaluation account.

CO/PO MAPPING MATRIX

	COURSE OUTCOME	Linked PO
CO1	Able to understand basic concept of Business Firms and Accountancy	1,5,7
CO2	Able to Classify accounts and analyse the transactions and able to Prepare and maintain Journal and Ledger Accounts by applying the rules of accounts by following Accounting Standards of India	1,4,5,7
CO3	Identify various Subsidiary Books of Accounts and choose appropriate Book to post the credit transactions into relevant subsidiary books and able to Prepare all types of Cash Books	1,4,5,7
CO4	Able to Prepare Trail balance and Rectify errors and Prepare final accounts with all Adjustments and tally the Balance Sheet.	1,4,5,7
CO5	Able to Prepareof Receipts and Payments Account and Income and Expenditure Account of Non-trading concerns. and Preparation of Balance-sheet of Non-trading concerns	1,2,4,5,7
CO6	Understand accounting treatment for Admission of a Partner, Retirement of a Partner, Death of a partner and Dissolution of a partnership	1,2,4,5,7

Course Content and Blue Print

MID-I Examination					
S.No	Unit	Questions to be set for MID Exam			Remarks
		R	U	A	
1	UNIT- Introduction	1, 2	5(a) 5(b)	7(a) 7(b)	
2	UNIT-2 Journal & Ledger	3, 4	6(a) 6(b)	8(a) 8(b)	
Total Questions		4	4	4	
MID-II Examination					
S.No	Unit	Questions to be set for MID Exam			Remarks
		R	U	A	
1	UNIT-3 Subsidiary Books & Cash Books	1, 2	5(a) 5(b)	7(a) 7(b)	
2	UNIT- 4Final Accounts of Trading Concerns	3, 4	6(a) 6(b)	8(a) 8(b)	
Total Questions		4	4	4	

Year End Examination (YEE)

S. No	Unit	Questions to be set for YEE			Remarks
		R	U	A	
1	UNIT- Introduction	4	1	9(a)	13(a)
2	UNIT-2 Journal & Ledger				
3	UNIT-3 Subsidiary Books & Cash Books		2	10(a)	14(a)
4	UNIT4 Final Accounts of Trading Concerns				

5	UNIT-5 Final Accounts of Non-Trading Concerns		3	5, 6	9(b) 11(a) 11(b)	13(b) 15(a) 15(b)	
6	UNIT- Partnership Accounts			7,8	10(b) 12(a) 12(b)	14(b) 16(a) 16(b)	
Total Questions				8		8	8

Legend:	Remembering (R)	1 Mark
	Understanding (U)	3 Marks
	Application (A)	5 Marks