

SEMESTER-I
(BCDB31102T): FINANCIAL ACCOUNTING

MAX. MARKS: 100

EXTERNAL: 70

INTERNAL: 30

PASS: 40%

Credits: 6

Objectives:

The objective of this paper is to help students to acquire conceptual knowledge of the financial accounting and to impart skills for recording various kinds of business transactions.

INSTRUCTIONSFORTHEPAPERSETTER/EXAMINER:

1. The syllabus prescribed should be strictly adhered to.
2. The question paper will consist of three sections: A, B, and C. Sections A and B will have four questions from the respective sections of the syllabus and will carry 10 marks each. The candidates will attempt two questions from each section.
3. Section C will have fifteen short answer questions covering the entire syllabus. Each question will carry 3 marks. Candidates will attempt any ten questions from this section.
4. The examiner shall give a clear instruction to the candidates to attempt questions only at one place and only once. Second or subsequent attempts, unless the earlier ones have been crossed out, shall not be evaluated.
5. The duration of each paper will be three hours.

INSTRUCTIONSFORTHECANDIDATES:

Candidates are required to attempt any two questions each from the sections A and B of the question paper and any ten short questions from Section C. They have to attempt questions only at one place and only once. Second or subsequent attempts, unless the earlier ones have been crossed out, shall not be evaluated.

Section A

Theoretical Framework: Accounting as an information system, the users of financial accounting information and their needs. Qualitative characteristics of accounting, information. Functions, advantages and limitations of accounting. Branches of accounting. Bases of accounting; cash basis and accrual basis.

The nature of financial accounting principles –Basic concepts and conventions: entity, money measurement, going concern, cost, realization, accruals, periodicity, consistency, prudence (conservatism), materiality and full disclosures.

Financial accounting standards: Concept, benefits, procedure for issuing accounting standards in India. Salient features of First-Time Adoption of Indian Accounting Standard (Ind-AS) 101. International Financial Reporting Standards (IFRS): - Need and procedures.

Accounting Process: From recording of a business transaction to preparation of trial balance including adjustments.

Final Accounts, Capital and revenue expenditures and receipts: general introduction only. Preparation of financial statements of non-corporate business entities.

Business Income: Measurement of business income-Net income: the accounting period, the continuity doctrine and matching concept. Objectives of measurement.

Revenue recognition: Recognition of expenses. The nature of depreciation. The accounting concept of depreciation. Factors in the measurement of depreciation. Methods of computing depreciation: straight line method and diminishing balance method; Disposal of depreciable assets- change of method.

Section B

Accounting for Hire-Purchase and Installment Systems: Journal entries and ledger accounts in the books of Hire Vendors and Hire purchaser for large value items including Default and repossession.

Consignment: Features, Accounting treatment in the books of the consignor and consignee.

Joint Venture: Accounting procedures: Joint Bank Account, Records Maintained by Coventurer of (a) all transactions (b) only his own transactions. (Memorandum joint venture account).

Accounting for Inland Branches: Concept of dependent branches; accounting aspects; debtors system, stock and debtors system, branch final accounts system and wholesale basis system. Independent branches: concept accounting treatment: important adjustment entries and preparation of consolidated profit and loss account and balance sheet.

Accounting for Admission, Retirement and Death of a partner in Partnership Firm.

Accounting for Dissolution of Partnership Firm: Accounting of Dissolution of the Partnership Firm Including Insolvency of partners, sale to a Limited company and piece meal distribution.

Suggested Readings:

1. Robert N Anthony, David Hawkins, Kenneth A. Merchant, *Accounting: Text and Cases*. McGraw-Hill Education, 13th Ed. 2013.
2. Charles T. Horngren and Donna Philbrick, *Introduction to Financial Accounting*, Pearson Education.
3. J.R. Monga, *Financial Accounting: Concepts and Applications*. Mayur Paper Backs, New Delhi.
4. M.C. Shukla, T.S. Grewal and S.C. Gupta. *Advanced Accounts. Vol. - I*. S. Chand & Co., New Delhi.
5. S.N. Maheshwari, and S.K. Maheshwari. *Financial Accounting*. Vikas Publishing House, New Delhi.
6. Deepak Sehgal. *Financial Accounting*. Vikas Publishing House, New Delhi.
7. Bhushan Kumar Goyal and HNTiwari, *Financial Accounting*, International Book House
8. Goldwin, Alderman and Sanyal, *Financial Accounting*, Cengage Learning.
9. Tulsian, P.C. *Financial Accounting*, Pearson Education.
10. *Compendium of Statements and Standards of Accounting*. The Institute of Chartered Accountants of India, New Delhi

Note: Latest edition of the text books should be used.