

**SEMESTER-II**  
**COURSE 3: FINANCIAL ACCOUNTING**

Theory

Credits: 3

3 hrs/week

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**Learning Objectives**

The course aims to help learners to acquire conceptual knowledge of financial accounting, to impart skills for recording various kinds of business transactions and to prepare financial statements.

**Learning Outcomes:**

At the end of the course, the student will be able to identify transactions and events that need to be recorded in the books of accounts. Equip with the knowledge of accounting process and preparation of final accounts of sole trader. Develop the skill of recording financial transactions and preparation of reports in accordance with GAAP. Analyze the difference between cash book and pass book in terms of balance and make reconciliation. Critically examine the balance sheets of a sole trader for different accounting periods. Design new accounting formulas & principles for business organizations.

**Unit 1: Depreciation:** Meaning and Causes of Depreciation - Methods of Depreciation: Straight Line – Written Down Value – Annuity and Depletion Method (including Problems).

**Unit 2: 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 - Repairs and Renewals Reserve A/c (including Problems).

**Unit 3: Bills of Exchange:** Meaning of Bill – Features of Bill – Parties in the Bill – Discounting of Bill – Renewal of Bill – Entries in the Books of Drawer and Drawee (including Problems).

**Unit 4: 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 5: Joint Venture Accounts:** Joint Venture - Features - Difference between Joint-Venture and Consignment – Accounting Procedure – Methods of Keeping Records– When separate set of books maintained and not maintained. (including Problems).

**Activities:**

- Assignment on Bills of Exchange.
- Group Activities on Problem solving in Depreciation Methods.

- Collect and examine the balance sheets of business organizations to study how these are prepared.
- Quiz Programs
- Problem Solving Exercises
- Co-operative learning
- Group Discussions on problems relating to topics covered by syllabus
- Reports on Proforma invoice and account sales
- Visit a consignment and joint venture firms (Individual and Group)
- Collection of proforma of bills and promissory notes
- Examinations (Scheduled and surprise tests)
- Any similar activities with imaginative thinking beyond the prescribed syllabus

**Reference Books:**

1. S.P. Jain & K.L Narang, Accountancy, Kalyani Publishers.
2. R.L. Gupta & V.K. Gupta, Principles and Practice of Accounting, Sultan Chand
3. T. S. Reddy and A. Murthy - Financial Accounting, Margham Publications.
4. Ranganatham G and Venkataramanaiah, Financial Accounting, S Chand Publications.
5. Tulsan, Accountancy-I - Tata McGraw Hill Co
6. V.K. Goyal, Financial Accounting Excel Books
7. T.S. Grewal, Introduction to Accountancy, Sultan Chand & Co.
8. Arulanandam, Advanced Accountancy, Himalaya Publishers
9. S.N.Maheshwari&V.L.Maheswari, Advanced AccountancyI,Vikas Publishers.
- 10.Haneef and Mukherjee, Accountancy-I,Tata McGraw Hill

**Lab Exercise:**

- Depreciation and Provisions – Preparation of Machinery Accounts and Depreciation Accounts and Provisions Accounts Using Accounting Software / Package or in MS Excel.
- Bills of Exchange - Preparation of Accounts Using Accounting Software / Package.
- Consignment - Creation of company, creation of ledger accounts, creation of accounting vouchers, and display of concern ledger accounts in Accounting Software / Package.
- Joint Venture Accounts - Creation of ledger accounts, creation of accounting vouchers, and display of concern ledger accounts using Accounting Software / Package or in MS Excel.