Sri Venkateswara University : TIRUPATI

Table 6 : B. A (Accountancy)– **Semester VI syllabus (2017-18)**

DSC: Compulsory

ACCOUNTING FOR SPECIAL ENTITIES

Teaching Hours :6 per week

Unit – I : Partnership Accounts 1:

Partnership – introduction – Fixed and fluctuating capital methods – admission of a partner – new profit sharing ratio – revaluation of assets and liabilities – treatment of goodwill – treatment of undistributed profits and losses – (problems only)

Unit – II : Partnership Accounts 2:

Retirement of a partner – revaluation of assets and liabilities – goodwill treatment – undistributed profits – Death of a partner – Dissolution – firm and partnership (insolvent of one partner only) – (problems)

Unit – III : Instalment Purchase System:

Instalment purchase system – introduction and features – differences between hire purchase system and instalment purchase system – problems on Instalment purchase system only.

Unit – IV : Single Entry System:

Single entry system – introduction and limitations – ascertainment of profit – statement of affairs method – conversion method (simple problems only).

Unit – V : Brach Accounts:

Branch Accounts – introduction – types of branches – dependent branches – cost price method and invoice price method – debtors method – stock and debtors method only (problems on dependent branches only)

MODEL QUESTION PAPER

ACCOUNTING FOR SPECIAL ENTITIES

Section – A

Answer any FIVE of the following. Each question carries 3 marks 3 x 5 = 15

1. Fixed capital method.
2. Sacrificing ratio.
3. Retirement of a partner.
4. Joint life policy.
5. Features of instalment purchase system.
6. Statement of affairs
7. Differences between single entry system and double entry system.
8. Types of branches.

Section – B

Answer the following questions. Each question carries 12 marks 12 x 5 = 60

Unit – I

9. On 1st January 2010 Arjun and Bhargav entered into a partnership on the following terms.

   a. Mr. Arjun and Mr.Bhargav are to contribute capitals of `50,000 and `30,000 respectively
   b. Profits and losses are to be shared in the ratiao of 3:2
   c. Interest on capital is to be allowed at 5 percent perannum
   d. Interest on drawings is to be charged at 2% pa
   e. Mr. Arjun is to get a salary of `500 per month

f. Mr. Bhargav is to get commission at 2% on the net profit of the firm before charging any of the above

On 31st December 2010 their trading profits, before giving effect to the above terms, was `60,000. During the year Mr.Arjun has withdrawn `1,000 and Mr.Bhargav`500 from the firm on which interest is to be charged for the whole year.

Prepare profit and loss appropriation account and partners capital accounts

a. Fixed capital method
b. Fluctuating capital method

OR

10. The following is the balance sheet of Amar and Sunil who share profits and losses in the ration of 3/5 and 2/5

Liabilities	`	Assets	`
Adhitya's Capital	20,000	Debtors	20,000
Bhargav's capital	16,000	Buildings	18,000
Creditors	24,000	Plant	20,000
General reserve	32,000	Stock	24,000
Workmen compensation fund	8,000	Cash	18,000
	100,000		100,000

They agreed to admit Chandra on the following terms:-

a. The value of buildings to be increased to `20,000
b. The value of stock to be increased to `32,000
c. There is a liability on workmen's compensation fund which was determined at `4,000
d. Chandra contributes `20,000 in cash as his share of goodwill
e. Chandra has to bring further cash as would make his capital equal to 20% of the combined capital to Adhitya andBhargav after all adjustments.

Show the necessary ledger accounts in the books of firm and new balance sheet after the admission of Chandra.

Unit - II

11. A, B and C are partners in a business, sharing profits and losses in the ratio of 10:7:3.

Liabilities	`	Assets	`
Creditors	40,000	Fixed assets	1,00,000
Reserve fund	20,000	Stock	70,000
Capitals		Debtors 30,600	
A	80,000	Less: RBD 600	30,000
B	60,000	Cash at bank	20,000
C	20,000		
	2 20,000		2,20,000

C retires on that date subject to the following conditions:

a. Fixed assets are to be depreciated by 20% except buildings worth `40,000 (book value) which is to be valued at `60,000

b. `600 to be written off as bad debts and provision for doubtful debts to be done at 4%

c. The goodwill of the firm to be valued at `32,000

d. Liability for outstanding expenses `4,000 to be provided

e. There were office equipment which were 100% depreciated to be valued at `8,000 on the date of retirement. It was to be brought into books.

f. It was agreed that A and B will share profits equally in future.

Show necessary ledger accounts and balance sheet after C's retirement.

OR

12. Ravinder, Shekhar and Ramana are partners sharing 2:2:1 ratio. On 1-1-2010 their balance sheet was as under

Liabilities	`	Assets	`
Sundry creditors	18,000	Cash at bank	4,000
Reserve fund	20,000	Bill receivable	2,000
Capital A/cs		Debtors 20,000	
Ravinder	30,000	Less: Reserve 1,000	19,000
Shekhar	20,000	Stock	12,000
Ramana	2,000	Machinery	30,000
		Buildings	23,000
	90,000		90,000

On the above date the firm was dissolved. The assets realised machinery `15,000; buildings `8,000; stock `10,000; Bills receivable – Nil; debtors `8,000. `1,850 included in the creditors need not paid. There is an unrecorded liability of `850 which had to be paid. The expenses of dissolution amounted to `3,000. `1,000 could only be realised from the estate of Ramana on becoming insolvent. Give ledger accounts to be close the books of account. Apply Garner Vs Murray rule.

Unit – III

13. Sekhar transport purchased a truck on instalment purchase system from Arun Automobiles on 1-1-2014. The cash price was `1,21,850 and down payment `21,850. The balance was payable in 4 instalments of `25,000 each plus interest at 12% p.a. at the end of 2014, 2015, 2016 and 2017. Sekhar transport provides depreciation at 20% p.a. on written down value method.

Pass journal entries in the books of Sekhar Transport. Also show the accounts.

OR

14. Supraja purchased a machine on 1-1-2015 from Suraj on installment system for `36,100 to be paid as follows. On delivery `9,000 at the end of first `12,300, at the end of second year 9,300, at the end of third year `5,500. The vendor charges interest @ 10% p.a. Determine the cash price and write entries in the books of Supraja who charges depreciation at 5% p.a. on diminishing balance method. Prepare necessary accounts in the books of Suraj.

Unit – IV

15. Mr Aditya keeps his books on single entry system and supplies the following information.

Assets & Liabilities	1-4-2016 (`)	31-3-2017(`)
Bank	30,000	40,000
Debtors	40,000	50,000
Stock	60,000	64,000
Investments	1,00,000	1,60,000
Creditors	34,000	40,000
Furniture	30,000	70,000
Bills payable	12,000	16,000
Loan from bank	---	30,000

Aditya has drawn `2,000 pm for domestic purpose and `12,000 from business funds to meet his son's education expenses. The rent paid to business premises is `2,400 and only, ½ premises is used for business whereas the entire rent was paid from business funds. The furniture is depreciated at 20% pa and `4,000 are to be provided for doubtful debts. Prepare the relevant statements and show the profit or loss made by Aditya for the year ending 31-3-2017.

OR

16. Mr. Ragava did not keep his books of accounts under double entry system. From the following information available from his records, prepare profit and loss account for the year ended 31st March 2017 and a balance sheet as at that date. Depreciate equipment by 10%.

Summary of cash book

Dr Cr

Receipts	`	Payments	`
To Balance B/d	80,000	By Purchases	1,40,000
To Sales	4,00,000	By Payment to creditors	2,00,000
To Receipts from Debtors	3,00,000	By Sundry expenses	60,000
		By Cartage	20,000
		By Drawings	80,000
		By Balance C/d	2,80,000
	7,80,000		7,80,000

Other information

	31-3-2016	31-3-2017
	`	`
Debtors	90,000	1,20,000
Creditors	1,44,000	68,000
Stock of materials	1,00,000	1,60,000
Equipment	4,00,000	4,00,000
Furniture	30,000	30,000
Discount allowed during the year		14,000
Discount received during the year		17,000

Unit – V

17. A Head Office in Hyderabad has branch at Tirupati to which goods are invoiced by the Head Office at 20% on selling price. All cash received by the branch is daily remitted to Head Office. From the following particulars, show how the branch account will appear in the Head Office books.

Particulars	`
Stock on January 1, 2016 (at invoice price)	1,00,000
Debtors on 1-1-2016	1,20,000
Goods supplied by Head Office (at invoice price)	3,20,000
Cash sales	50,000
Cash received from customers	2,20,000
Goods returned to Head Office at invoice price	20,000
Cheques received from Head Office	
Wages and Salaries	45,000
Rent	5,000
Sundry expenses	12,000
Stock on 31-12-2016 (at invoice price)	1,25,000
Debtors on 31-12-2016	1,40,000

OR

18. Virinchi Technologies of Hyderabad is having a Branch at Bangalore. The particulars relating to The Branch as on 31.12.2016 was as follows.

	`
Stock at the Branch as on 1.1.2016	22,500
Debtors at the Branch as on 1.1.2016	45,000
Petty Cash at the Branch as on 1.1.2016	450
Goods sent to Branch during the Year	3,78,000
Credit Sales during the year	3,42,000

Remittances from the Branch			
for cash sales	90,000		
Received from Debtors	3,15,000		4,05,000
Cheques sent to the Branch during the year:			
For salaries	13,500		
For Rent & Taxes	2,300		
For Petty Cash	1,700	17,500	
Stock at Branch as on 31.12.2016			37,500
Goods Returned by the branch			3,000
Debtors as on 31.12.2016			72,000
Petty cash as on 31.12.2016			300

Show the Net Profit for the year 2016

Cluster Electives :

Accounting : teaching Hours 6 per week per subject

6.1 Auditing
6.2 Management Accounting
6.3 Project work

CLUSTER ELECTIVE – B.A, ACCOUNTING

AUDITING

Unit-I: Auditing: Meaning – Objectives – Errors and Frauds - Importance of Auditing – Auditing as a Vigil Mechanism – Role of Auditor in checking corporate frauds.

Unit-II: Types of Audit: Based on Ownership and time - Independent, Financial, Internal, Cost, Tax, Government, Secretarial audits.

Unit-III: Planning of Audit: Steps to be taken at the commencement of a new audit – Audit programme - Audit note book - Internal check, internal audit and internal control.

Unit-IV: Vouching and Investigation: Vouching of cash and trading transactions – Investigation, Auditing vs. Investigation

Unit-V: Company Audit and Auditors Report: Auditor's Qualifications – Appointment and Reappointment – Rights, duties, liabilities and disqualifications - Audit report: Contents.

References:

1. S.Vengadamani, “Practical Auditing”, Margham Publications, Chennai.
2. Ghatalia, “Principles of Auditing”, Allied Publishers Pvt. Ltd., New Delhi.
3. Pradeesh Kumar, Baldev Sachdeva & Jagwant Singh, “Auditing Theory and Practice, Kalyani Publications, Ludhiana.
4. N.D. Kapoor, “Auditing”, S. Chand, New Delhi.
5. R.G. Saxena, “Principles and Practice of Auditing”, Himalaya Publishing House, New Delhi.
6. Jagadesh Prakesh, “Principles and Practices of Auditing” Kalyani Publications, Ludhiana.
7. Kamal Gupta and Ashok Gupta, “Fundamentals of Auditing”, Tata McGraw Hill
8. B.N. Tondan, “Practical Auditing”, S.Chand, New Delhi.

Sri Venkateswara University
Model Paper
III B.A (Accountency)
Semester – VI, April, 2018
– AUDITING

Time: 3 hours **Max.Marks: 75 M**

Section - A

Answer any Five of the following

1. a) Auditing
b) Auditing as a Vigil Mechanism
c) Internal Audit
d) Government Audit
e) Audit Note Book
g) Investigation
h) Vouching
i) Auditors qualifications

Section - B
UNIT-I

2. Define Auditing. Explain objectives of Auditing

3. Describe the importance of Auditing.

UNIT-II

4. Describe the various types of Audit.

5. Distinguish between Cost Audit and Financial Audit

UNIT-III

6. What steps should be taken in to A/c vehicle commencement of New Audit?

7. What are the contents of Audit programme?

UNIT-IV

8. "Vouching is the essence of Auditing". Discuss?

9. Distinguish between Audit and Investigation?

UNIT-V

10. What are the Rights and duties of company Auditor?

11. What are the contents of Audit Report?

MANAGEMENT ACCOUNTING

Unit–I: Management Accounting: Interface with Financial Accounting and Cost Accounting – Scope and limitations of management accounting - Functions of Management Accounting and its importance (Theory only)

Unit–II: **Financial statement analysis -** Financial Statement analysis and interpretation Comparative statements – Common size analysis and trend analysis (including problems).

Unit–III: Ratio Analysis: Classification, Importance and limitations - Analysis and interpretation of Accounting ratios - Liquidity, profitability, turnover or activity and solvency ratios (including problems).

Unit–IV: Fund Flow Statement: Concept of fund: Preparation of funds flow statement. Uses and limitations of funds flow analysis (including problems).

Unit–V: Cash Flow Statement: Concept of cash flow – Preparation of cash flow statement - Uses and limitations of cash flow analysis (including problems).

References:

1. Cost Accounting and Management Accounting – T.S. Reddy and Hariprasad Reddy, Margham publications, Chennai
2. S.N. Maheswari, A Textbook of Accounting for Management, S. Chand Publishing, New Delhi
3. I.M Pandey, “Management Accounting”, Vikas Publishing House, New Delhi,
4. Shashi K. Gupta & R.K. Sharma, “Management Accounting: Principles and Practice”, Kalyani Publishers, Ludhiana.
5. Jawahar Lal, Accounting for Management, Himalaya Publishing House, New Delhi.
6. Charles T. Horngren, et.al, “Introduction to Management Accounting” Person EducationIndia, New Delhi, 2002.
7. Murthy & Guruswamy – Management Accounting, Tata McGraw Hill, New Delhi.
8. Dr. Kulsreshtha & Gupta – Practical problems in Management Accounting.
9. Bhattacharya, D., “Management Accounting”, Pearson Education India, New Delhi.
10. S.P. Gupta – Management Accounting, S. Chand Publishing, New Delhi.

Sri Venkateswara University
Model Paper
III B.A (Accountency)
Semester – VI, April, 2018
DSC 3G 6.3 – Management Accounting

Time: 3 hours **Max.Marks: 75 M**

Section – A

Answer any Five of the following

1. a) Management Accounting
b) Financial Statements
c) Liquidity Ratios
d) Gross Profit Ratio
e) Funds from operation
f) Operating Activities
g) Cash flow statement
h) Limitations of Ratio Analysis
i) Common size statement
j) Cost Accounting

Section – B

UNIT-I

2. Explain scope and limitations of Management Accounting

3. Explain the functions & importance of Management Accounting

UNIT-II

4. Dhandapani & Co. Ltd., furnishes the following Balance Sheets for the years 2014 and 2015. Prepare common-size balance sheets.

Balance sheets

Liabilities	2014 Rs.	2015 Rs.	Assets	2014 Rs.	2015 Rs.
Share capital	2,00,000	3,00,000	Buildings	4,00,000	4,00,000
Reserves	6,00,000	7,00,000	Machinery	6,00,000	10,00,000
10% Debentures	2,00,000	3,00,000	Stock	2,00,000	3,00,000
Creditors	3,00,000	5,00,000	Debtors	2,00,000	2,50,000
Bills payable	1,00,000	80,000	Cash at Bank	1,00,000	50,000
Tax payable	1,00,000	1,20,000			
	15,00,000	20,00,000		15,00,000	20,00,000

5. The following are the extracts from the income statements of Bright Ltd., for the 6 years ending 2015. You are required to calculate trend percentages, taking 2014 as the base year and give two major conclusions you can draw.

(figures in thousands)

Particulars	2012	2013	2014	2015	2016	2017
Sales	300	340	420	480	520	600
Cost of goods sold	180	204	256	287	300	330
Office Expenses	40	42	45	50	55	60
Selling expenses	20	25	30	40	50	60
Net profit/loss	60	69	89	103	115	150

UNIT-III

6. The following figures relate to the trading activities of a company for the year ended 31-03-2016.

Particulars	Rs.	Particulars	Rs.
Sales	1,00,000	Salary of salesmen	1,800
Purchases	70,000	Advertising	700
Closing stock	14,000	Travelling expenses	500
Sales returns	4,000	Salaries (office)	3,000
Dividend received	1,200	Rent	6,000
Profit on sale of fixed assets	600	Stationery	200
Loss on sale of shares	300	Depreciation	1,000
Opening stock	11,000	Other expenses	2,000
		Provision for tax	7,000

You are required to calculate

1. Gross profit ratio
2. Operating profit ratio
3. Operating ratio
4. Net profit ratio

7. The following figures are extracted from the Balance Sheet of X Ltd., as on 31st December:

	2012 Rs.	2013 Rs.
Stock	25,000	40,000
Debtors	10,000	16,000
Cash at Bank	5,000	4,000
Creditors	8,000	15,000
Bills payable	2,000	3,000
Provision for Taxes	5,000	7,000
Bank Overdraft	5,000	15,000

Calculate the Current Ratio and Quick Ratio for the two years.

UNIT-IV

8. Prepare a schedule of changes in working capital from the following Balance Sheets:

Balance Sheets

Liabilities	2014 Rs.	2015 Rs.	Assets	2014 Rs.	2015 Rs.
Share capital	50,000	50,000	Fixed assets	18,000	28,000
10% Debentures	10,000	20,000	Investments:		
Bills payable	18,000	6,000	Non-trading	10,000	10,000
Outstanding expenses	6,000	9,000	Trading	8,000	9,000
Trade Creditors	33,000	40,000	Inventories	12,000	18,000
			Trade Debtors	40,000	48,000
			Accrued interest	4,000	6,000
			Unexpired insurance	-	3,000
			Cash at bank	17,000	2,000
			Cash in hand	8,000	1,000
	1,17,000	1,25,000		1,17,000	1,25,000

9. The following are the summarised Balance Sheets of Malar Industries Ltd., as on 31st December 2009 and 2010:

Balance Sheet

Liabilities	2009 Rs.	2010 Rs.	Assets	2009 Rs.	2010 Rs.
Capital:			Fixed Assets	41,000	40,000
7% Redeemable			*Less:* Depreciation	11,000	15,000
preference shares	-	10,000		30,000	
Equity shares	40,000	40,000	*Current assets:*		
General reserve	2,000	2,000	Debtors	20,000	24,000
Profit & Loss A/c	1,000	1,200	Stock	30,000	35,000
Debentures	6,000	7,000	Prepaid expenses	300	500
Current Liabilities:			Cash	1,200	3,500
Creditors	12,000	11,000			
Provision for tax	3,000	4,200			
Proposed dividend	5,000	5,800			
Bank overdraft	12,500	6,800			
	81,500	88,000		81,500	88,000

Prepare: i) Statement showing changes in the working capital.
ii) A statement of sources and applications of funds.

UNIT-V

10. From the following data you are required to calculate the cash from operations: funds from operations for the year 1998 Rs.84,000. Current assets and liabilities as on 1-4-08 and 31-03-09 were as follows:

	1-4-08 Rs.	31-03-09 Rs.
Trade creditors	1,82,000	1,94,000
Trade debtors	2,75,000	3,15,000
Bills receivable	40,000	35,000
Bills payable	27,000	31,000
Inventories	1,85,000	1,70,000
Trade investments	40,000	70,000
Outstanding expenses	20,000	25,000
Prepaid expenses	5,000	8,000

11. From the following Balance Sheets as on 31-03-15 and 31-03-14, prepare a Cash Flow Statement:

Liabilities	31.03.2015 Rs.	1.04.2014 Rs.	Assets	31.03.2015 Rs.	1.04.2014 Rs.
Share capital	1,50,000	1,00,000	Fixed assets	1,50,000	1,00,000
Profit & Loss A/c	80,000	50,000	Goodwill	40,000	50,000
General reserve	40,000	30,000	Stock	80,000	30,000
6% Debentures	60,000	50,000	Debtors	80,000	50,000
Creditors	40,000	30,000	Bills Receivable	20,000	30,000
Outstanding exp.	15,000	10,000	Bank	15,000	10,000
	3,85,000	2,70,000		3,85,000	2,70,000

SEMESTER – VI – PROJECT WORK

Marks: Project work–70+Viva-voce-30 marks

Objectives

1. To impart skills among the students to write a report of their choice in a given area / field.
2. To enable the students to develop necessary insights into the practical field by making use of functional knowledge of different areas attained in the previous years.

Internship

During the summer vacation, at the end of the second year, students have to undergo an internship for one month with companies and other Business organizations (including Chartered Accounting Firm).

The student should submit a brief report not exceeding 10 pages on learnings of internship and a certificate from the organization, along with the project work.

Project Work Guidelines

The students have to submit a Project report on a selected topic of their choice, selecting from the broad areas of their curriculum, guided by a Faculty member.

The students are expected to prepare a project report on a selected topic that should comprise of 50 to 80 pages. The project report is to be valued by the External Examiners suggested by the Board of Studies in Commerce. The project report is to be submitted at the college by 31st December of the year.