

|                                |  |   |   |   |   |
|--------------------------------|--|---|---|---|---|
| <b>FINC 1001</b>               | <b>Business Accounting</b>                             | L | T | P | C |
| <b>Version 1.0</b>             |  | 3 | 0 | 0 | 3 |
| <b>Pre-requisites/Exposure</b> |  |   |   |   |   |
| <b>Co-requisites</b>           | Knowledge of classification of data, data presentation |   |   |   |   |

### Course Objectives

1. To help the students to develop cognizance of the importance of accounting in organization financial statements
2. To enable students to describe how people analyze the corporate financial under different conditions and understand why people describe the financial statements in different manner.
3. To provide the students to analyze specific characteristics of Accounting and their future action for expenses and income
4. To enable students to synthesize related information and evaluate options for most logical and optimal solution such that they would be able to predict and control cost incurrence and improve results.

### Course Outcomes

On completion of this course, the students will be able to

- CO1. Explain the concept of Accounting to understand the managerial Decisions and financial statements
- CO2. Apply the Financial Statement Analysis associate with Financial Data in the organization.
- CO3. Analyse the complexities associated with management of cost of product and services in the Organization
- CO4. Integrate the concept and Demonstrate how the concepts of accounting and costing could integrate while identification and resolution of problems.

### Catalog Description

The main objective of Accounting is to help students to acquire and develop skills to take rational decisions in the process of product mix and assessment of Earning per Share. Assets and Liabilities have always been regarded as important in financial analysis in organizations.

Leverage aspects are critical in each aspects of management and equally so for the effective management of Financial Resources. In view of this , Accounting and Management Accounting has assumed great importance. This course is designed primarily for students who are being exposed to Accounting, Asset Liability Management for the first time.

This course covers the explanations about the accounting concepts in the organizational context, it details the impact of assets, liabilities , expenses , income on Financial Statement. The course also focuses on understanding of identification of Cost and framing of strategies and scenarios required to select and develop product line.

Classroom activities including lectures, discussions and case studies (topped up with role play) will be designed to encourage students to get involved, absorb and assimilate inputs. These activities will also be supplemented by group discussions, cooperative group solving problems, live projects, analysis of video cases and debates.

Class participation is a fundamental aspect of this course. Students will be encouraged to actively take part in all group activities and to give an oral group presentation. Students will be expected to interact with media resources, such as, web sites, videos, DVDs, and newspapers etc.

### Course Content

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**12 Lecture Hours**

**Unit 1:****Basics of Accounting & its Principles; & Depreciation Accounting**

Meaning, Need, Role and Significance of Accounting, Basic Accounting Concepts (AS-1 & 9) and Conventions (Overview of Indian GAAP, US GAAP, IAS, IFRS), Asset-Liability Equity Relationship (ALE). Introduction to Accounting Cycle-Preparation of Journal, Ledger, Trial Balance. Depreciation, Depletion and Amortization (AS-6)

**12 Lecture Hours****Unit 2:****Understanding & Preparation of Financial Statements**

Understanding & analysis of company accounts; Preparation of financial statements with adjustments. Analysis of Financial statements of Holding & Subsidiary Companies.

**12 Lecture Hours****Unit 3:****Financial Statements Analysis**

Analysis and Interpretation of Financial Statements-Ratio Analysis, Common-Size Statement, Du-Pont Analysis, Cash-Flow Statement (AS-3).

**Unit 4:****Corporate Performance:**

Review, Disclosures and Significant Accounting Policies

**Text Books**

1. Sehgal, Deepak (2014), “*Financial Accounting*”, Vikas Publishing H House, 5<sup>th</sup> Edition, New Delhi.’
2. Goyal, Bhushan Kumar; Tiwari, HN (2017), “*Financial Accounting*”, 5<sup>th</sup> Edition Taxmann Publications
3. Goldwin, Alderman ; Sanyal (2014), “*Financial Accounting*”, 2<sup>nd</sup> Edition, Cengage Learning.

**Reference Books**

1. Lal , J ; Srivastava , S (2004) , “ *Financial Accounting; Principles and Practices*”, 4<sup>th</sup> Edition , S Chand, New Delhi
2. Robert N Anthony, David Hawkins, Kenneth A. Merchant(2013), “*Accounting: Text and Cases*”, 13<sup>th</sup> Ed, McGraw-Hill Education
3. Charles T. Horngren and Donna Philbrick (2017), “*Introduction to Financial Accounting*”, 11<sup>th</sup> Edition, Pearson Education.
4. Monga, J, R, “*Financial Accounting: Concepts and Applications*” (2017) Mayur Paper Backs, 2<sup>th</sup> Edition, New Delhi.
5. Tulsian, P.C; Tulsian, Bharat (2015). , “*Financial Accounting*” , 10<sup>th</sup> Edition ,Pearson Education

**Modes of Evaluation: Quiz/Assignment/ presentation/ extempore/ Written Examination**

**Examination Scheme:**

| <b>Components</b>    | <b>MSE</b> | <b>IA</b> | <b>ESE</b> |
|----------------------|------------|-----------|------------|
| <b>Weightage (%)</b> | <b>20</b>  | <b>30</b> | <b>50</b>  |

### Relationship between the Course Outcomes (COs) and Program Outcomes (POs)

| Mapping between COs and POs |  |  |
|-----------------------------|--|--|
|                             |  |  |

| Course Outcomes | CO 1 | CO 2 | CO 3 | CO 4 | CO5 |
|-----------------|------|------|------|------|-----|
| <b>PO 1</b>     | 3    | 3    | 3    | 2    | 3   |
| <b>PO 2</b>     | 3    | 3    | 3    | 2    | 3   |
| <b>PO 3</b>     | 3    | 3    | 3    | 2    | 3   |
| <b>PO 4</b>     | 3    | 1    | 1    | 3    | 3   |
| <b>PO 5</b>     | 2    | 2    | 1    | 3    | 1   |
| <b>PO 6</b>     | 2    | 2    | 2    | 2    | 1   |
| <b>PO 7</b>     | 3    | 3    | 1    | 2    | 2   |
| <b>PO 8</b>     | 3    | 3    | 3    | 3    | 3   |
| <b>PSO 9</b>    | 3    | 3    | 3    | 1    | 1   |
| <b>PSO 10</b>   | 3    | 3    | 3    | 2    | 1   |
| <b>PSO 11</b>   | 3    | 3    | 3    | 1    | 1   |
| <b>PSO 12</b>   | 2    | 2    | 3    | 2    | 1   |

|             | COURSE OUTCOMES ( COs )   | POs                         |
|-------------|---|-----------------------------|
| <b>CO 1</b> | Explain the concept of Accounting to understand the managerial Decisions and financial statements   | PO 2,5,6,8<br>PSO 9, 10, 11 |
| <b>CO 2</b> | Apply the Financial Statement Analysis associate with Financial Data in the organization.   | PO 1,2,3,7,8<br>PSO 9,10,11 |
| <b>CO 3</b> | Analyse the complexities associated with management of cost of product and services in the Organization   | PO 1,2,3,8<br>PSO 9,10,11   |
| <b>CO 4</b> | Integrate the concept and Demonstrate how the concepts of accounting and costing could integrate while identification and resolution of problems. | PO 1,2,4,5,7,8<br>PSO 12    |

|                  |                   |           |   |   |   |   |  |   |  |   |   |   |  |   |
|------------------|-------------------|-----------|---|---|---|---|--|---|--|---|---|---|--|---|
|                  |                   |           | Students will demonstrate strong conceptual knowledge of international business | Students will demonstrate effective oral and written communication skills in the professional context | Students will be able to work effectively in team building capabilities | Students will develop critical thinking and problem-solving skills applicable to business and management practice | Students will be able to describe the global environment of business | Student will demonstrate sensitivity towards ethical and moral issues and have ability to address them in the international | Students will be able to apply decision support tools to business decision making. | Student will be able to apply knowledge of business concepts and function in an integrated manner | Students will demonstrate conceptual domain knowledge of international business | Students will apply decision support tools to decision making in international business | Students will apply conceptual knowledge of Foreign Trade in an integrated manner. | Students will demonstrate employable and deployable skills for appropriate roles in management. |
| <b>FINC 1001</b> | <b>Accounting</b> | ISLO /PO1 | ISLO /PO 2  | ISLO /PO 3  | ISLO /PO 4  | ISLO /PO 5  | ISLO /PO 6   | ISLO /PO 7  | ISLO /PO 8   | ISLO /PO 9  | ISLO /PO 10   | ISLO /PO 11   | ISLO /PO 12  |   |
|                  | CO                | 3         | 3   | 3   | 2   | 1   | 2  | 2   | 3  | 1   | 2   | 3   | 1  |   |

- 1 – Weakly mapped
- 2 – Moderately mapped
- 3 – Strongly mapped

Name:



Enrolment No:

### **Model Question Paper**

**Course: FINC 1001–Business Accounting**

**Programme: BBA AVO**

**Semester:**

**Time: 03 hrs.**

**Max. Marks: 100**

#### **Instructions:**

Attempt all questions from **Section A** (each carrying 1 marks); all Questions from **Section B** (each carrying 2 marks); any 3 questions from **Section C** (each carrying 10 marks); all questions from **Section D** ( each carrying 15 marks)

#### **SECTION A**

**Q1: Select the most appropriate answer from the following: Note – Attempt all questions carrying one mark each.**

**(20 Marks)**

- Sales made to Mahesh for cash should be debited to:  
(a) Cash account (b) Mahesh  
(c) Sales account (d) None of these
- The amount brought in by the proprietor should be credited to  
(a) Cash account (b) Capital account  
(c) Drawing account (d) None of these
- Salaries and wages appearing in trial balance should be taken to  
(a) Trading a/c (b) P & L A/c  
(c) Balance sheet (Asset Side) (d) Balance sheet (Liabilities Side)
- Capital is shown on the liability side because of :  
(a) Business Entity Concept. (b) Conservatism Concept.  
(c) Accrual Concept. (d) Duality Concept.
- Double entry system of accounting means--  
(a) Entry in two sets of books (b) Entry at two books  
(c) Entry for two aspects of the transactions (d) Entry by two persons
- Income tax paid by a sole proprietor on his business income should be  
(a) Debited to trading account (b) Debited to Profit & Loss account  
(c) Deducted from Capital account in Balance sheet (d) None of these

7. Stock is generally valued at
- (a) Cost price (b) Market price  
(c) Cost or Market price, whichever is higher  
(d) Cost or Market price whichever is lower
8. Cash flow statement is required for the financial planning of-
- (a) Short range (b) Long range  
(c) Medium range (d) Very long range
9. Outstanding Salaries are shown in
- (a) An expense (b) A Liability  
(c) An Asset (d) None of these
10. An increase in the amount of debtors will result in
- (a) Decrease in Cash (b) Increase in Cash  
(c) No change in Cash (d) None of these
11. Cash flow statement is based upon:
- (a) Accrual basis of accounting (b) Cash basis of accounting  
(c) Both (a) and (b) (d) None of these
12. According to the accounting profession, which of the following would be considered a cash-flow item from an "investing" activity?
- (a) Cash inflow from interest income (b) Cash inflow from dividend income  
(c) Cash outflow to acquire fixed assets. (d) All of the above
13. Which one of the following is not a category of cash flows required to be shown on the statement of cash flows?
- (a) Cash flow from financing activities  
(b) Cash flow from operating activities  
(c) Cash flow from investing activities (d) Cash flows from taxation
14. Equity Dividend paid would be considered as cash flow from
- (a) Operating activities (b) Financing activities  
(c) Investing activities (d) None of the above
15. Return on Investments ratio measures of a business
- (a) Profitability (b) Liquidity  
(c) Solvency (d) Activity
16. The term current assets does not include
- (a) Payment in advance (b) Bills Receivable  
(c) Goodwill (d) None of the above
17. Capital + liabilities =
- (a) Total assets (b) Losses  
(c) Current assets (d) Fixed assets.
18. If an amount written off as a bad debt is recovered subsequently, it will be-
- (a) Debited to the debtor's personal account (b) Credited to the debtor's personal account  
(c) Debited to bad debts recovered account (d) Credited to bad debts recovered account.
19. Preliminary expenses are:

- (a) Current liability (b) Current asset  
(c) Fictitious assets (d) Contingent liability
20. Cost of goods given as sample should be credited to:  
(a) Sales a/c (b) Purchase a/c  
(c) Advertisement a/c (d) Purchase return a/c

### SECTION B

- Q2: Explain the following: (2 marks each) (20 Marks)
- (i) Convention of Conservatism (ii) Users of Accounting  
(iii) Limitation of Financial Accounting (iv) Limitations of Trial Balance  
(v) Advantages of Accounting (vi) Balance Sheet  
(vii) Liquidity Ratio (viii) Depreciation  
(ix) Benefits of Cash Flow statement (x) Income statement

### SECTION C

**Attempt any three questions. (10 x 3 = 30 marks)**

Q3: From the given Profit & Loss Account and Balance sheet of XYZ Ltd. Calculate: i) Current ratio ii) Proprietary ratio iii) Debt Equity ratio iv) Debtors Turnover ratio v) Quick Ratio

**(10 Marks)**

Profit & Loss A/c for the year ended 31<sup>st</sup> March 2016

| Particulars                 | Amount | Particulars        | Amount   |
|-----------------------------|--------|--------------------|----------|
| To, Cost of goods sold      | 175000 | By, Sales (Credit) | 3,00,000 |
| To, Administrative expenses | 25,000 |                    |          |
| To, Finance expenses        | 15,000 |                    |          |
| To, Selling expenses        | 20,000 |                    |          |
| To, Depreciation            | 15,000 |                    |          |
| To, Provision for tax       | 20,000 |                    |          |
| To, Net Profit              | 30,000 |                    |          |
|                             | 300000 |                    | 3,00,000 |

Balance Sheet  
as on 31<sup>st</sup> March 2016

| Liabilities              | Amount | Assets               | Amount |
|--------------------------|--------|----------------------|--------|
| Equity Share Capital     | 100000 | Land & Building      | 185000 |
| Preference Share Capital | 50000  | Long term Investment | 40000  |
| Reserves                 | 35000  | Stock                | 35000  |
| 10% Debentures           | 50000  | Debtors              | 30000  |
| Creditors                | 20000  | Cash & Bank          | 10000  |
| Outstanding expenses     | 45000  |                      |        |
|                          | 300000 |                      | 300000 |

Q4: What do you mean by accounting principles? Discuss the accounting concepts and accounting conventions.

Or

What is the significance of financial analysis? “Accounting ratios are mere guides and complete reliance on them in decision making is suicidal”. Explain.

Q5: On 1<sup>st</sup> January 2014, machinery was purchased by X for Rs 50,000 on 1<sup>st</sup> July, 2015 additions were made to the extent Rs 10,000. On 1<sup>st</sup> April 2016, further additions were made to the extent of Rs 6,400. On 30<sup>th</sup> June 2017 machinery, the original value of which was Rs 8,000 on 1<sup>st</sup> January 2014, was sold for Rs 6,000. X closes his books on 31<sup>st</sup> December each year. Show the Machinery Account for the year from 2014 to 2017 in the books of X, if depreciation is charged at 10% p.a. according to Straight line Method

Q6: Journalize the following transactions post them to the ledger and prepare trial balance.

- a) Started business with ` 1,50,000
- b) Purchased goods worth ` 40,000 from Ram at 5% trade discount.
- c) Cash sales to Rakesh ` 12000.
- d) Credit sales to Mohan ` 20,000 less trade discount 5%.
- e) Returned goods of the price of ` 1000 to Ram
- f) Paid cash ` 36,000 to Ram in full settlement
- g) Received ` 18000 from Mohan in full settlement of his claim.
- h) Paid into bank ` 5,000.
- i) Sold goods costing ` 10,000 at 25% profit to Ratan.
- j) Received commission ` 8,000 from M/s Sohan Lal.
- k) Received a cheque for ` 11,200 from Ratan & he was allowed discount ` 1,300.

**SECTION D (15 x2 = 30 marks)**

Q6: Following are the comparative balance sheet of a Company as on 31<sup>st</sup> March 2015 and 31<sup>st</sup> March 2016. **(15 marks)**

| Liabilities                  | 2015     | 2016     | Assets    | 2015     | 2016     |
|------------------------------|----------|----------|-----------|----------|----------|
| Share Capital                | 2,00,000 | 2,50,000 | Goodwill  | 30,000   | 20,000   |
| 12% Preference share capital | 50,000   | 40,000   | Buildings | 1,00,000 | 80,000   |
| General Reserve              | 35,000   | 55,000   | Plant     | 40,000   | 70,000   |
| Profit and Loss A/c          | 15,000   | 17,000   | Debtors   | 1,20,000 | 1,60,000 |
| Creditors                    | 23,000   | 5,000    | Stock     | 18,000   | 20,000   |
|                              |          |          | Cash      | 15,000   | 17,000   |



|  |          |          |  |          |          |
|--|----------|----------|--|----------|----------|
|  | 3,23,000 | 3,67,000 |  | 3,23,000 | 3,67,000 |
|--|----------|----------|--|----------|----------|

Depreciation charged on Plant was Rs 30,000 and on Buildings Rs 50,000. Prepare Cash Flow statement.

**Q7 :** From following trial balances, prepare Trading and Profit & Loss Account for the year ended 31<sup>st</sup> March 2014 and Balance sheet as on that date after considering the following adjustments:

- Stock in hand as on 31<sup>st</sup> March 2014 was ` 6,500
- Depreciate Buildings @5%, Furniture and Fittings @10% and Motor Vehicles @20%
- Salaries ` 600 and taxes `400 are outstanding
- Insurance amounting to `200 is prepaid
- Write off further bad debt ` 600 and provision for doubtful debts is to be made @5% of Sundry debtors

| Particulars                  | Amount Dr. ` | Amount Cr. ` |
|------------------------------|--------------|--------------|
| Furniture and Fittings       | 1,280        |              |
| Motor Vehicles               | 12,500       |              |
| Buildings                    | 15,000       |              |
| Capital                      |              | 25,000       |
| Bad Debts                    | 250          |              |
| Provision for doubtful debts |              | 400          |
| Sundry Debtors and Creditors | 7,600        | 5,000        |
| Opening Stock                | 6,920        |              |
| Purchases and Sales          | 10,950       | 30,900       |
| Bank overdraft               |              | 5,700        |
| Sales and purchase return    | 400          | 250          |
| Advertising                  | 900          |              |
| Interest                     | 236          |              |
| Commission                   |              | 750          |
| Cash                         | 1,300        |              |
| Taxes and Insurance          | 1,564        |              |
| General expenses             | 2,500        |              |
| Salaries                     | 6,600        |              |
|                              | 68,000       | 68,000       |

**(15 marks)nc**