



P.B. SIDDHARTHA COLLEGE OF ARTS & SCIENCE

Siddhartha Nagar, Vijayawada – 520 010

Autonomous - ISO 9001 – 2015 Certified

Advanced Accounting

Offered to: B.Com General/C A

Course Code: 22COMT31

Course Type: Core (Theory)

Year of Introduction: 2021-22

Year of Revision:

Percentage of Revision:

Semester: III

Credits : 4

Hours Taught: 75 hrs. Per Semester

Max. Time : 3 Hours

Course Prerequisites (if any): Intermediate level

Course Description:

Course Objectives:

1. Learn the criteria for identifying Revenue Expenditure and distinguishing from Capital Expenditure and understand the linkage of such distinction with the preparation of Final Accounts.
2. Understand the special features of Instalment system and also analyses the distinction between the Hire Purchase System and Instalment System.
3. Understand the features of Partnership firm and the need for valuation of goodwill as well as revaluation of Assets and Liabilities.

Course Outcomes: At the end of this course, students should be able to:

CO1: Student will be able to understand different situations to calculate interest on various installments and understand need for re-possession and the procedure in case of default.-PO5

CO2- Student will be able to understand Profit & Non-profit concern and to ascertain the surplus/deficit relating to various non-trading concerns –PO6

CO3-Student will get the knowledge of partnership business, its accounts and modes of settlement in case of partnership restructuring.- PO7

CO4- Student will acquire the capacity to settle the accounts in case of dissolution by realization of various assets.-PO5

CO5- Student will obtain the knowledge of branch accounting procedure and the process of conversion of foreign branch transactions into Indian currency.-PO7

Syllabus

Course Details

Unit	Learning Units	Lecture Hours
I	Accounting for Non Profit Organizations: Non Profit Entities- Meaning - Features of Non-Profit Entities –Provisions as per Sec 8 - Accounting Process- Preparation of Accounting Records - Receipts and Payments Account- Income and Expenditure Account - Preparation of Balance Sheet (including problems).	15
II	Single Entry System: Features – Differences between Single Entry and Double Entry – Disadvantages of Single Entry- Ascertainment of Profit and	15

	Preparation of Statement of Affairs (including Problems)- Conversion of Single entry to Double entry system (Simple Problems).	
III	Hire Purchase System: Features –Difference between Hire Purchase and Instalment Purchase Systems - Accounting Treatment in the Books of Hire Purchaser and Hire Vendor - Default and Repossession (including Problems).	15
IV	Partnership Accounts-I: Meaning – Partnership Deed - Fixed and Fluctuating Capitals-Accounting Treatment of Goodwill - Admission and Retirement of a Partner (including problems).	15
V	Partnership Accounts-II: Dissolution of a Partnership Firm – Application of Garner v/s Murray Rule in India – Insolvency of one or more Partners (including problems).	15

Textbook:

1. S.P JAIN AND K.L NARANG, ADAVNCED ACCOUNTANCY, KALYANI PUBLISHERS

Recommended Reference book:

1. SN Maheswari& SK Maheswari, Financial Accounting, Vikas Publications.
2. R.L. Gupta & V.K. Gupta, Principles and Practice of Accounting, Sultan Chand & Sons.
3. S.N.Maheshwari&V.L.Maheswari, Advanced Accountancy (Vol-II), Vikas publishers.
4. S.P. Jain & K.L Narang, Accountancy–III, Kalyani Publishers.

Course Delivery method: Face-to-face / Blended

Course has focus on: Employability

Websites of Interest:

Co-curricular Activities:

- Quiz Programs
- Co-operative learning
- Seminar
- Visit a single-entry firm, collect data and Creation of Trial Balance of the firm
- Visit Non-profit organization and collect financial statements
- Critical analysis of rate of interest on hire purchase schemes
- Visit a partnership firm and collect partnership deed
- Debate on Garner v/s Murray rule in India and outside India
- Group Discussions on problems relating to topics covered by syllabus
- Examinations (Scheduled and surprise tests) on all units

**Model Question Paper
Advanced Accounting**

Commerce	II B.Com (Gen, CA)	Semester-III	COMT31A
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**Max.: 75 Marks
Marks**

Min. Pass: 30

Section - A

Answer any Five of the following

5 x 5 = 25 Marks

1. Explain Donations. (CO1, L1)
2. Write about Legacies. (CO1, L1)
3. Briefly explain about Accounting from Incomplete Records. (CO2, L1)
4. What is meant by Repossession of Goods? (CO3, L1)
5. Define Installment Purchase System. (CO3, L1)
6. What are Fixed and Fluctuating Capital Methods. (CO4, L1)
7. Explain the Goodwill treatment in case of Admission of a new partner. (CO4, L1)
8. What is Insolvency of partner. (CO5, L1)

Section - B

**Answer the following questions
Marks)**

(5 x 10 = 50

Unit I

9. (a) What are the differences between Receipts and Payments Account and Income and Expenditure Account? (CO1, L2)

(Or)

(b) The following is the Receipts and Payments account of a Hospital for the year ended 31st December, 2015, prepare Income and Expenditure account and a Balance sheet as at the date: (CO1, L3)

Receipts and Payments Account for the year ended 31st December 2015

Receipts	Amount	Payments	Amount
To Cash in hand	3,565	By Medicines	15,295
To Subscriptions	23,998	By Doctors honorarium	4,500
To Donations	7,250	By Salaries	13,750
To Interest on investments @7%	3,500	By Petty expenses	230
To Proceeds from charity	5,225	By Equipment	7,500
		By Expenses on charity show	375
		By Cash in hand	1,888
	43,538		43,538

Additional information:

	1.1.2015	31.12.2015
a. Subscriptions due	120	140
b. Subscriptions received in advance	32	55
c. Stock of medicines	4,405	4,870
d. Estimated value of equipment	10,600	15,800
e. Buildings (Cost less depreciation)	20,000	19,000

Unit II

10. (a) What is Single Entry System? What are the features of Single Entry System? (CO1, L1)

(Or)

(b) From the following details, prepare Trading, Profit and Loss Account and Balance Sheet.

Particulars	On 31.3.2019	On 31.3.2020
Stock	25,000	12,500
Debtors	62,500	87,500
Cash	6,250	10,000
Furniture	2,500	2,500
Creditors	37,500	43,750

Bad debts Rs.1,250; Discount received Rs.3,750; Discount allowed Rs.2,500; Sundry expenses Rs.7,500; Payments to creditors Rs.1,12,500; Received from Debtors Rs.1,33,750; Drawings Rs.10,000; Sales returns Rs.3,750; Purchases returns Rs.1,250. Charge depreciation on furniture @ 5% p.a. (CO2, L3)

Unit III

11. (a) What is Hire Purchase System? Explain the features of Hire Purchase System. (CO3, L1)

(Or)

(b) The Madras Transport Company purchased motor car from the Bombay Motor Co. on hire purchase agreement on 1st January 2013, paying cash Rs.10,000 as down payment and agreeing to pay further three instalments of Rs.10,000 each on 31st December each year. The cash price of the car is Rs.37,250 and the Bombay Motor Company charges interest as depreciation on the reducing instalment system. Prepare necessary accounts in the books of Madras Transport Company. (CO3, L2)

Unit IV

12. (a) What is a Partnership Deed? What are the contents in Partnership Deed? (CO4, L1)

(Or)

(b) The following is the Balance Sheet of Harshitha and Sindhu who had been sharing profit and losses in the ratio of 3:2. (CO4, L3)

Liabilities	Amount	Assets	Amount
Creditors	20,000	Cash	3,000
General Reserve	15,000	Bank	7,000
Bills Payable	5,000	Debtors	10,000
Capital Accounts		Furniture	20,000
Harshitha	40,000	Machinery	25,000
Sindhu	20,000	Buildings	35,000
	1,00,000		1,00,000

They agreed to take Sravani as a partner on the following conditions:

- Sravani pay Rs.10,000 as her capital for 1/4th share in the future profits.
- Provision for doubtful debts to be created on debtors 10%.
- Deprecation on furniture 5%, on machinery 10%.
- Increase value of building by 20%.
- Goodwill to be valued Rs.75,000.

Prepare necessary ledger accounts and balance sheet after entry of new partner.

Unit V

13. (a) Briefly explain the rule in **Garner v/s Murray** case. (CO5, L2)

(Or)

(b) The following is the Balance Sheet of P Q and R on 31st December 2020, the partners sharing profits in the ratio of 5 : 3 : 2. (CO5, L4)

Balance Sheet of P,Q & R as at 31st December 2005

Liabilities		Rs.	Assets		Rs.
Creditors		30,000	Cash at Bank		6,000
Bills Payable		7,000	Sundry Debtors	20,000	
Loan from P		30,000	Less Provision for		
General Reserve		15,000	doubtful debts	1,000	19,000
Capital Accounts:			Stock		30,000
P	30,000		Investments		10,000
Q	25,000		Fixtures		2,000
R	15,000	70,000	Plant		35,000
			Freehold Property		50,000
		1,52,000			1,52,000

The Partnership was dissolved, and the assets realised the following amounts:

Stock and investments realised 10 percent less than the book values. Debtors realised Rs.17,500 and Plant Rs.30,000. Freehold property was sold for Rs.85,000. Fixtures were taken over by P at an agreed value of Rs.1,200. Creditors were paid off at a discount of 5 percent. Q agreed to pay the bills payable. Expenses of realisation amounted to Rs.1,000.

Pass Journal entries to give effect to the above and show the necessary ledger accounts.