**P.R.GOVT. COLLEGE (AUTONOMOUS), KAKINADA.**

**II B.SC, ACTUARIAL SCIENCE/THIERD SEMESTER - 2018-19**

**II B.SC, (MSAS) PAPER- III**

**COURSE: FINANCIAL ACCOUNTING**

**SEMESTER-III**

**Total Hrs. of Teaching-Learning:60 @ 4 h/Week Total Credits:03**

**Objectives:**

* To make the students to acquire the conceptual knowledge of accounting.
* To develop the skills of recording financial transactions and preparation of reports using computers.
* To equip the students with the knowledge of accounting process and preparation of final accounts.

**Learning Outcome:**Demonstrate their knowledge

* By the end of this course, students will be able to Demonstrate their knowledge by preparing the books like journals, ledgers.
* By the end of this course, students will have the skill to prepare the ratio analysis.
* By the end of this course students have better understanding about the preparation of final accounts of an organisation.

**MODULE I : ACCOUNTING CONCEPTS**

Need for Accounting- definition features, objectives, functions systems and bases and scope of accounting - Book keeping and Accounting - Branches of Accounting - Advantages and limitations – basic terminology used - Accounting concepts and conventions.

1. Accounting process - Accounting cycle - Accounting equation – classification of accounts – rules of double entry book keeping – identification of financial transaction – journalizing – posting to ledgers, balancing of ledger accounts – computerized accounting. Meaning and features - creating of an organization – types of vouchers.
2. Sub division of journal-preparation of subsidiary books including different types of cashbooks – simple cash book, cashbook with cash and discount columns, cashbook with cash, discount and bank columns, cashbook with cash and bank columns and petty cash book.

Self Study: Grouping of accounts – voucher entry – editing and deleting of vouchers, Preparation of sales register, purchase register, journal proper, debit note register, credit note register, and different cash books including interest and discount transactions using computers.

Assignment : creation of accounts – creation of inventory – creation of stock
 categories, units of measurement – stock items – entering of financial
 transactions –– voucher numbering – customization of vouchers.

**MODULE II :FINAL ACCOUNTS**

1. Trail Balance meaning, objectives, methods of preparation – Final Accounts meaning, features, uses and preparation of manufacturing, trading account, profit & Loss Account and balance sheet – adjusting and closing entries.
2. Assignment :Preparation of Trial Balance Sheet and Final Accounts

**MODULE III : MANGEMENT ACCOUNTING CONCEPTS**

a. Funds flow and cash flow statements uses and limitations–concept of cash construction of cash flow statement as per accounting standard 3

b. meaning of ratio analysis– classification of ratio analysis–computation and interretation of different accounting ratios–liquidity, profitability turnover ratio and solvency ratios

Assignment preparation of funds flow statement and cash flow statements.

**MODULE IV : LIFE INSURANCE CONCEPTS AND FINANCIAL DERIVATIVES**

1. life insurance companies–preparation of revenue accounts profit and loss account

balance sheet and valuation of balance sheet.

 Assignment: preparation of insurance claims.

**Suggested Readings:**

Principles and Practice of Accounting R.L. Gupta & V.K. Gupta Sulthan Chand &sons Accountancy – I, S.P. Jain & K.L Narang ,Kalyani Publishers

Accountancy – I, Tulasian,TataMcgraw Hill Co Financial Accounting – Dr.V.K.Goyal , Excel Books

Introduction to Accountancy, T.S.Grewal ,S.Chand and CO Accountancy – I, Haneef and Mukherjee, tataMcgraw Hill co Advanced Accountancy – Arulanandam, Himalaya publishers

Advanced Accountancy-I, S.N.Maheshwari&V.L.Maheswari, Vikash Publishing co. Financial Accounting, Ashok Banarjee, Excel

Financial Accounting, Warren, Cengage

**BLUE PRINT FOR THE QUESTION PAPER SETTER**

**PAPER - FINANCIAL ACCOUNTING**

**(FOR I B.Sc ACTUARIAL SCIENCE) SEMESTER-II**

**Max.Marks:60 Time:2 ½ Hours**

|  |  |  |  |
| --- | --- | --- | --- |
| **CHAPTER NAME** | **ESSAY QUESTIONS****10 MARKS** | **SHORT QUESTIONS****05 MARKS** | **MARKS ALLOTTED****TO CHAPTER** |
| **ACCOUNTING CONCEPTS** | **02** | **02** | **30** |
| **FINAL ACCOUNTS** | **02** | **01** | **25** |
| **MANGEMENT ACCOUNTING CONCEPTS** | **02** | **01** | **25** |
| **LIFE INSURANCE CONCEPTS AND FINANCIAL DERIVATIVES** | **02** | **02** | **30** |
| **TOTAL MARKS INCLUDING CHOICE** | **08** | **06** | **110** |

**SAQ=Short answer questions (5M), EQ=Essay questions (10M)**

INTERNAL ASSESSMENT

1. SECTION – A , WRITE ANY TWO QUESTIONS 2X10 = 20 Marks
2. SECTION – B, Write any Four questions 4 x 5 = 20 Marks

**P.R.GOVERNMENT COLLEGE(AUTONOMOUS), KAKINADA**

**MODEL PAPERS FOR THE YEAR 2018-2019**

**II YEAR B.Sc. (MSAS) PAPER-III**

**MODEL PAPER FINIANCIAL ACCOUNTING**

**SEMESTER -III**

**DATE: Max.Marks: 60**

**TIME: 2 ½ Hours**

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**SECTION – A**

**Answer any four of the following : 4x5= 20 Marks**

1. What is the difference between book keeping and Accounting?
2. What are the importance and limitations of Accounting?
3. Explain various types of subsidiary books?
4. Write a simple Cash account for the following transactions>
5. Opening Dr. Balance: Rs. 10,000/-
6. Cash Received from Roshan Rs. 6,250/-
7. Cash Deposited into bank Rs. 1200/-
8. Rent paid Rs. 1500/-
9. Salaries paid Rs. 2,900/-
10. Cash Sales Rs. 15,000/-
11. Goods sold to RohithRs. 5,000/-
12. What is trail balance; advantages of trail balance, draw a perform for good trail balance?
13. Draw proform of various accounts that generally maintained in Insurance companies?

**SECTION – B**

**Answer all questions: each one carry ten marks 4x10= 40 Marks**

1. (a) What is the difference between Financial Accounting, Cost Accounting and Management

Accounting?

Or

(b) Write Journal Entries to the following transactions:

 i. March: 1 Started Business with – 1,00,000

 ii. Purchased good for Rs. – 25,000

 iii. purchased Machinery and paid by bank – Rs. 40,000

 iv. Purchased good from Chaitanya Rs. 17,000

 v. sale Rs. 1,52,000

 vi. Sales to Reddy Rs. 20,000

1. (a) Explain clearly the concepts and conventions of accounting?

Or

(b) Prepare a triple column cash book with bank, cash and discount columns from the following transactions:

|  |  |  |
| --- | --- | --- |
| **Date** | **Particulars** | **Amounts in ‘000’** |
| **Mar– 1** | Opening balance | 14 |
| **2** | Cash received from sales | 25 |
| **3** | Credit purchases | 26 |
| **4** | Paid into bank | 18 |
| **5** | Cash with drawn for office use | 17 |
| **6** | Cash with drawn for personal use. | 4 |
| **7** | Rent paid by cheque | 10 |

1. (a) What are final accounts? Explain with examples how adjustments can be treated in final accounts?

(Or)

(b) Prepare final accounts from the following trail balance?

|  |  |  |  |
| --- | --- | --- | --- |
| Debit | Amount | Credit | Amount |
| Buildings | 10,000 | Capital  | 17,000 |
| Plant & Machinery | 12,000 | Creditors  | 12,500 |
| Debtors  | 8,000 | Bill payable | 500 |
| Purchases | 15,000 | Rent received | 3,500 |
| Repairs  | 2,000 | Sales  | 25,000 |
| Salary | 9,000 | Purchase returns | 1,500 |
| Insurance | 500 |  |  |
| Sales returns | 1200 |
| Wages  | 1800 |
| Postage & Stationery | 500 |
|  | **60,000** |  | **60,000** |

Adjustments: Closing Stock: 5,000/- Outstanding Salary: 3,500/- , Depreciate Plant and Machinery @ 10%

1. (a) How accountancy in insurance company is different from other forms?

Or

(b) the following trail balance was extracted from the books of the new India Life Insurance Company? As on 31-3-2017

|  |  |  |
| --- | --- | --- |
| **Particulars** | **Debit** |  **Credit**  |
| Paid – up capital |  |  |
| 10,000 shares @ 10 each |  | 2,00,000 |
| Life fund balance as on 1-4-2016 |  | 29,72,300 |
| Dividend paid | 15,000 |  |
| Bonus in reduction of premium | 31,500 |  |
| Premium less re-assurance premium (commission there on Rs. 5,000) |  | 1,61,500 |
| Claims paid | `1,97,000 |  |
| Outstanding clams on 1-4-2016 |  | 7,000 |
| Commission  | 9,300 |  |
| Management expenses  | 32,300 |  |
| Mortgages in India | 4,92,200 |  |
| Interest, dividend and rent |  | 1,12,700 |
| Freehold premises | 1,40,000 |  |
| Agents balance  | 9,300 |  |
| Investments  | 23,05,000 |  |
| Loans on policies  | 1,73,600 |  |
| Cash on deposits  | 27,000 |  |
| Cash on current account  | 7,300 |  |
| Surrenders | 7,000 |  |
| Medical stores  | 7,000 |  |
| Consideration for annuities granted  |  | 10,000 |
| Annuity  | 10,000 |  |
|  | **34,63,500** | **34,63,500** |

Prepare the revenue account for the year ended 31-3-2017 and a balance sheet of the company after considering the adjustments:

1. Clams outstanding Rs. 10,000/-
2. Further Bonus in reduction of premium Rs. 5000/-
3. Premium outstanding Rs. 5000/-
4. Claims covered under re-insurance Rs. 80,000/-
5. Management expenses due Rs. 30,000/-

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