

**SEMESTER - II**

**Financial Accounting**

**Computer Code-2001**

**Module 2.1**

**Evaluation Pattern: Internal Evaluation 25 Marks**

**External Evaluation 75 Marks**

<b>Unit</b>	<b>Topic</b>	<b>Weight age %</b>	<b>No. of Periods</b>
	<b>Objectives:</b> To familiarize students with Accounting concepts and practical problem solution for Partnership Accounts and Introduction to Company Financial Statements.		
<b>1</b>	<b>Admission of Partner</b> <ol style="list-style-type: none"><li>1. Revaluation of assets and liabilities (through Profit &amp; loss Adjustment Account)</li><li>2. Accumulated Profit &amp; losses And Fictitious assets appearing in the Balance Sheet</li><li>3. Computation of Sacrifice ratio / New Profit sharing ratio</li><li>4. Treatment of goodwill brought in cash/goodwill raised in books/Goodwill raised &amp; written off Adjustments of Capital</li><li>5. Preparing journal /ledger Account</li><li>6. Revised Balance sheet</li></ol> <b>Retirement / Death of Partner:-</b> <ol style="list-style-type: none"><li>1. Revaluation of assets and liabilities (through Profit &amp; loss Adjustment Account)</li><li>2. Accumulated Profit &amp; losses And Fictitious assets appearing in the Balance Sheet</li><li>3. Computation of gain ratio / New Profit sharing ratio</li><li>4. Treatment of goodwill brought in cash/goodwill raised in books / Goodwill raised &amp; written off Adjustments of Capital</li><li>5. Preparing journal /ledger Account</li></ol> Revised Balance sheet	<b>25</b>	<b>15</b>

2	<b>Dissolution of Partnership firm</b> <ol style="list-style-type: none"> <li>1. Entries to close the books of accounts/ ledger accounts</li> <li>2. Insolvency of one or all the partners</li> <li>3. Adjustments of Partners based on Profit sharing ratio</li> <li>4. Treatment of unrecorded assets/liabilities (excluding Garner v/s Murray)</li> </ol>	25	15
3	<b>Piecemeal Distribution of cash</b> <ol style="list-style-type: none"> <li>1. Excess Capital Method and Maximum Loss Method</li> <li>2. Assets/Liabilities taken over by partner</li> <li>3. Treatment of past profit or past losses in the Balance Sheet</li> <li>4. Contingent liabilities /realization expenses /amount kept aside for expenses and adjustment of actual</li> <li>5. Treatment of secured liabilities, Treatment of preferential liabilities like Govt. Dues / labour dues etc</li> </ol>	25	15
4	<b>Partnership Final Accounts INCLUDING adjustment on admission or retirement of a partner during the year:</b> <ol style="list-style-type: none"> <li>1. Final accounts questions to demonstrate the effect of final accounts when a partner is admitted during the year or when partner retired/ dies during the year</li> <li>2. Allocation of gross profit prior to and after admission / retirement /death when stock on the date of admission / retirement is not given and apportionment of other expenses based on time/sales/other given basis</li> <li>3. Ascertainment of gross profit prior to and after admission / retirement /death when stock on the date of admission / retirement is not given and apportionment of other expenses based on time/sales/other given basis</li> </ol> <b>Introduction to Company's Financial Statements;</b> <ol style="list-style-type: none"> <li>1. Contents of financial Statements</li> <li>2. Form of Financial Statements- Vertical &amp; Horizontal</li> <li>3. Problems on Preparation of financial Statements not required.</li> </ol>	25	15
	<b>Total</b>	<b>100</b>	<b>60</b>

### **Suggested Readings**

1. M. C. Shukla, T.S. Grewal & S.C. Gupta, Advanced Accountancy, S. Chand 1999
2. R. L. Gupta, M. Radhaswamy, Advanced Accountancy : Theory, Method and Application, S. Chand 1996
3. Kishnadwala, Accountancy,
4. Ainapure, Accountancy, Manan Prakashan 2012
5. Chowdhary & Chopde, Accountancy, Sheth Publication 2012
6. Gunvantrai Rachchh, Advanced Accountancy, Pearson, 2011