



Second Semester Five Year B.B.A. LL.B. (Hon's) Examination, June/July 2012
FINANCIAL ACCOUNTING (Freshers)

Duration : 2 $\frac{1}{2}$ Hours

Max. Marks : 70

- Instructions:**
1. Answer all the 5 Questions.
 2. **One** essay type and **one** short note question or problem from **each unit** have to be attempted, which is referred as part (a) and (b) in all the units.
 3. Figures to the **right** indicate marks.
 4. **Use** simple calculator.

UNIT – I

- Q. No. 1. a) (i) Explain the double entry system of book keeping. Marks : 9
OR
(ii) Explain the conventions of accounting used in accounting.
- b) (i) What are the needs of accounting ? Marks : 5
OR
(ii) Differentiate between book-keeping and accounting.

UNIT – II

- Q. No. 2. a) (i) Enter the following transactions in journal and post them into ledger of 2011. Marks : 9
- April 1 Commenced business with the following Cash
Rs. 20,000, Goods Rs. 5,000, Buildings Rs. 15,000
- April 2 Deposited into bank Rs. 12,000
- April 3 Bought goods from Ravi traders Rs, 3,000
- April 4 Sold goods to Vinayak Rs. 2,000
- April 6 Returned goods to Ravi traders Rs. 200
- April 7 Vinayak returned us goods Rs. 100
- April 9 :- Purchased office furniture Rs. 500

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April 12 Paid Ravi traders by cheque Rs. 1,800
April 13 Received cheque from Vinayaka and paid into
bank Rs. 1,200
April 15 Paid for repairs to buildings Rs. 150
April 17 Received commission Rs. 250
April 19 Paid loan to Ramesh by cheque Rs. 5,000
April 20 Paid for office stationary Rs. 50
April 21 Paid for printing charges Rs. 300
April 25 Received interest from Ramesh Rs. 120
April 26 Paid office rent by cheque Rs. 350
April 27 Withdrawn from bank for personal use.
April 28 Paid for wages Rs. 180
April 28 Paid for salaries Rs. 800
April 30 Goods withdrawn from domestic use Rs. 400

OR

(ii) Enter the following transactions in three-column Cash
book 1997

May 1 Cash in hand Rs. 4,000
Cash at bank Rs. 12,000
May 3 Received from Paul Rs. 2,800 and discount to him
Rs. 200
May 6 Cash sales Rs. 20,000
May 9 Paid Kamat buy cheque Rs. 5,400 and discount
earned Rs. 100
May 12 Cash purchases Rs. 10,000
May 15 Cash sales to Arvind Rs. 8,000



May 18 Paid Ramesh by cheque Rs. 1,000

May 21 Withdrew from bank for office use Rs. 500

May 24 Sold goods for 10,000 and deposited the same into bank

May 27 Paid into bank Rs. 4,000

May 28 Cheque issued to Ramesh on May 18 dishonoured

May 29 Withdrew from bank for personal use Rs. 200

May 30 Received cheque from Manjunath for Rs. 6,800 and allowed him discount of Rs. 200

b) (i) Write a note on purchase and sales books.

Marks : 5

OR

(ii) Distinguish between debit note and credit note.

UNIT – III

Q. No. 3. a) (i) From the following trail balance of Mr. Ramesh prepare his trading and profit and loss account for the year ended 31-12-1998 and the balance sheet as on that date.

Marks : 9

Name of account	Dr.	Cr.
Capital Account	–	50,000
Drawings Account	10,000	–
Stock on 1-1-1998	25,000	–
Bills receivable	5,000	–
Sales	–	1,62,500
Return inwards	2,500	–
Purchases	1,03,500	–

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Return outwards	–	3,500
Sundry debtors	16,200	–
Sundry creditors	–	12,000
Bills payable	–	6,000
Salaries	11,000	–
Wages	9,600	–
Machinery	30,000	–
Furniture	5,000	–
Rent and taxes	3,500	–
Insurance	1,300	–
Printing and stationary	1,500	–
Cash in hand	200	–
Cash at bank	9,700	–
	2,34,000	2,34,000

Adjustments :

- a) Closing stock on 31-12-1998 Rs. 18,000
- b) Depreciate machinery by 5% and furniture by Rs. 500
- c) Outstanding expenses : Wages Rs. 400 and rent Rs. 1,000
- d) Insurance prepaid Rs. 150
- e) Write off Rs. 200 as bad debts and make provision for doubtful debts at 5% on debtors.

OR

- (ii) Discuss the need for preparing financial statements of a business entity.



- b) (i) Prepare trading account for the year ending 31-12-2010 from the following :

Marks : 5

Stock on 1-1-2010	5,000	Carriage	1,200
Purchases	72,000	Selling expenses	700
Sales	91,000	Wages	2,800
Return inwards	1,000	Office salaries	3,000
Return outwards	2,000	Office rent	400
Advertisement	500	Cash discount	300

OR

- (ii) Write a note on :

Difference between gross profit and net profit.

UNIT – IV

- Q. No. 4. a) (i) From the following particulars of Bangalore sports club prepare income and expenditure account for the year ended 31-12-1985 and balance sheet as on that date

Marks : 9

Balance sheet as on 31-12-1984

Liabilities	Amt.	Assets	Amt.
Capital fund	30,500	Buildings	32,000
Subscription for 1985	500	Subscriptions	
Sundry expenses		receivable	800
payable	2,000	Rent receivable	200
Bank loan	10,000	Cash	10,000
	43,000		43,000

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**Receipt and Payment Account for the year ending
31-12-1985**

Receipts	Amt.	Payments	Amt.
To opening balance	4,000	By sundry	
		expenses 1984	2,000
To subscriptions 1984	800	1985	3,000
		1985	8,800
		By salary to staff	2,200
		1986	1,400
		By subscription to	1,000
To entrance fees	200	newspapers	
To rent	2,000	By refreshment	
To sale of old news		expenses	2,000
papers	2,000	By investments	5,000
To receipt from	3,000	By bank loan	4,000
refreshment		By closing balance	3,000
	22,200		22,200

Adjustments :

- 1) Subscription outstanding Rs. 500
- 2) Staff salary outstanding Rs. 200
- 3) Interest on bank loan accrued but not paid Rs. 1,200
- 4) Depreciation on buildings Rs. 2,000
- 5) 50% of the entrance fees received to be capitalised.

OR

(ii) Write a note on :

Differentiate between receipt and payment a/c and income and expenditure a/c.



b) (i) How do you classify the following receipts ?

Marks

- a) Prize fund donations
- b) Endowment fund receipts
- c) Interest on prize fund investments
- d) Interest on endowment fund investments
- e) Sale of old newspapers
- f) Sale of old sports materials
- g) Locker rent
- h) Proceeds from entertainments.

OR

(ii) Difference between capital expenditure and revenue expenditure.

UNIT – V

Q. No. 5. a) (i) Explain the area in which computerised accounting is commonly used.

Marks : 9

OR

(ii) Explain the procedure of tally including vouchers and ledgers.

b) (i) Write a note on stores accountings.

Marks : 5

OR

(ii) Write a note on Data Base System.