



**Second Semester of 5 Year B.B.A. LL.B. (Hon's) Examination, June 2011**  
**FINANCIAL ACCOUNTING**  
**(Course – III)**

Duration : 2½ Hours

Max. Marks : 70

- Instructions :**
1. Answer all **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. Answer **all** the Units **compulsorily**.

**UNIT – I**

Q. No. 1. (a) Explain difference between “Accounting concepts” and “Accounting conventions”.

Marks : 9

OR

What are accounting principles ? How are they classified ?

(b) What is a role of an Accountant in society ?

Marks : 5

OR

Explain accounting cycle with diagram.

**UNIT – II**

Q. No. 2. (a) Journalise the following transactions and prepare ledger accounts :

Marks : 9

**2010**

May 1	S. Narayana commenced business with	
	Cash	20,000
	Furniture	10,000
	Building	70,000
	Machinery	15,000
May 2	Brought goods from Govind on credit	5,000
May 4	Deposited in bank	10,000
May 6	Purchased office furniture	2,000
May 8	Sold goods to Arun on credit	6,000

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May 10	Settled amount due to Govind by cheque	5,000
May 12	Received from Arun in full settlement of his account	5,800
May 14	Purchased goods for cash from Arun	1,000
May 16	Paid wages	400
May 18	Withdrew cash from office for personal use	200
May 20	Took loan from Anand	8,000
May 22	Sold goods to Govind	2,000
May 24	Govind paid in settlement of his account	2,000
May 26	Paid for stationery	200
May 28	Withdrew from bank for office use	2,000
May 30	Paid salaries	1,000

OR

Record the following transactions in cash book with discount, Cash and bank columns :

- April 1 Balance of cash Rs. 5,000 and at bank Rs. 20,000.  
 April 2 Loan taken from Ashok and paid into bank Rs. 10,000.  
 April 4 Cash sales Rs. 4,000.  
 April 5 Deposited Rs. 3,000 into bank.  
 April 6 Paid Xavier Rs. 5,700 on account by cheque and discount allowed by him Rs. 300.  
 April 8 Bought goods Rs. 300.  
 April 10 Received cash from Basavaraj Rs. 6,000 and allowed him discount Rs. 100.  
 April 12 Shekhar paid Rs. 500 directly into our bank account and he was allowed a discount of Rs. 20.  
 April 13 Paid for advertisement Rs. 1,000.  
 April 16 Received cash from Shri Sai for commission Rs. 2,000.  
 April 20 Bought shares Rs. 7,000 and paid by cheque.  
 April 23 Bank paid life insurance premium of the proprietor under his standing instructions Rs. 1,500.  
 April 28 Bank debited out account for commission Rs. 100.  
 April 30 Issued a cheque for rent to the land lord Rs. 4,000.

(b) What is procedure to balance the ledger accounts ?

Marks : 5

OR

Distinguish between debit note and credit note.



**UNIT – III**

Q. No. 3. (a) From the following trial balance of Sri. Ravi, Gulburga, prepare the trading account, profit and loss account and balance sheet as at 31<sup>st</sup> December 2010, after taking into account the adjustments given below :

Marks : 9

Ravi's capital		25,000
Ravi's Drawings	2,500	
Plant and Machinery	3,000	
Land and Building	5,000	
Purchases	40,000	
Sales		50,000
Returns	5,000	4,000
Stock (1 <sup>st</sup> January 2010)	7,500	
Furniture	5,000	
Salaries	750	
Insurance	200	
Rent	400	
Debtors	7,600	
Creditors		5,500
Bill receivable	2,400	
Bill payable		2,000
Commission		300
Interest		100
Carriage inward	300	
Wages	1,200	
Investments	2,000	
Printing and Stationery	800	
Cash in hand	3,250	
	<b>86,900</b>	<b>86,900</b>

(b) Distinguish between gross profit and net profit.

Marks : 5

OR

Explain the main features of final accounts.


**UNIT – IV**

Q. No. 4.(a) The following is the receipts and payments account for the year ending 31-12-2009.

Marks : 9

<b>Receipts</b>	<b>Amount</b>	<b>Payment</b>	<b>Amount</b>
To Balance b/d	24,800	By Salaries 2008	1,600
To Entrance fees	32,600	2009	23,200
To Donations	16,200	2010	1,200
To Sales of Sports Materials	1,200	By Rent 2008	400
(Book value Rs. 7,400)		2009	4,400
To Interest	1,200	2010	400
To Subscription		By Printing and	
2008	2,400	Stationery	7,600
2009	45,100	By Insurance 2009	5,400
2010	2,100	2010	900
		By Furniture	24,000
		By Sports Material	28,800
		By Investments	14,000
		By Balance c/d	13,700
	<b>1,25,600</b>		<b>1,25,600</b>

**Adjustments**

- a) Outstanding subscriptions amounted to Rs. 2,800.
- b) Capitalise 60% of donations and 75% of entrance fees.
- c) Depreciate furniture 20% and sports materials 30%
- d) Interest occurred due Rs. 400
- e) Other ledger balance as on 1/1/2009 were

Furniture	Rs. 16,400
Investments	2,600
Sports Material	21,800

Prepare the income and expenditure account for the year ending 31-12-2009 and the balance sheet as on that date.

OR



From the following receipts and payment account for the ended 31-12-2010 and the balance sheet as at 31-12-2009 of the Karnataka Sports Club and the additional information. Prepare the income and expenditure account for the year ending 31-12-2010

**Receipts and Payments Accounts  
for the year ending 31-12-2010**

<b>Receipts</b>	<b>Amount</b>	<b>Payment</b>	<b>Amount</b>
To Balance b/d	1,500	By Salary	4,500
To Subscriptions	12,000	By Sports Material	
To Entrance fees	200	Purchased	10,500
To Donations	3,000	By Rent and Taxes	1,200
To Sports Fees	8,500	By Newspapers and	
To Prize Fund Donations	2,000	Periodicals	500
To Interest on Investment	800	By Sports expenses	6,000
		By Prizes distributed	1,500
		By Electricity and	
		Charge	600
		By Postage and	
		Telegrams	400
		By Printing and	
		Stationery	800
		By Balance c/d	2,000
	<b>28,000</b>		<b>28,000</b>

**Balance sheet as at 31-12-2009**

Capital Fund	19,200	Sports Material	4,500
Outstanding Salary	300	Furniture	4,000
		Investments at par	
		Value	8,000
		Prepaid taxes	100
		Outstanding	
		Subscription	1,000
		Outstanding Interest	400
		Cash in hand	1,500
	<b>19,500</b>		<b>19,500</b>

**Additional information :**

- a) Subscriptions outstanding as at 31-12-2010 Rs. 1,500.
  - b) Interest on investments outstanding as on 31-12-2010 Rs. 400.
  - c) Outstanding salary as on 31-12-2010 Rs. 500.
  - d) Taxes prepaid as on 31-12-2010 Rs. 200
  - e) Depreciate furniture at 10% and Sports Materials by Rs. 1,000.
  - f) Donations are to be capitalized.
- (b) Distinction between capital receipts and revenue receipts. Marks : 5

OR

What are non trading concerns ? Name two non trading concerns ? How does it differ from trading concern ?

**UNIT – V**

- Q. No. 5. (a) Fill in the same in tally account. State the account to be debited and the account to be credited for each of the following transactions. Marks : 9

- a) Commenced business with Rs. 20,000.
- b) Purchased goods from X Rs. 4,000 on credit.
- c) Purchased goods from Y Rs. 2,000 for cash.
- d) Paid cash Rs. 1,600 to X on account.
- e) Returned goods worth Rs. 200 to X.
- f) Purchased furniture from Z Rs. 600 on credit.
- g) Purchased Machinery for cash Rs. 1,000
- h) Sold goods to A Rs. 1,800 on credit
  - i) Sold goods to B Rs. 200 for cash.
  - j) Received cash Rs. 800 from A on account.
- k) A returned goods worth Rs. 100.
  - l) Paid salary Rs. 1,400 to accountant.
- m) Paid Landlord office rent Rs. 300
- n) Paid wages Rs. 160.



- o) Paid for stationery purchased Rs. 40.
- p) Paid advertisement charges Rs. 240.
- q) Received interest on bank deposit Rs. 500.
- r) Received dividend on share Rs. 60.
- s) Received commission Rs. 400.
- t) Withdrawn cash Rs. 200 for personal expenses.

OR

Prepare trial balance using tally. Prepare Sudhir's Account as it would appear in the books of Anupam.

2010		Rs.
January 1	Sold goods to Sudhir	1,000
" 3	Received from Sudhir	500
" 5	Purchased goods from Sudhir	400
" 7	Paid to Sudhir	300
" 10	Sold goods to Sudhir	2,000
" 12	Allowed him discount	200
" 15	Sudhir returned goods valued at	300
" 18	Received cash from Sudhir	1,000
" 20	Sold goods for cash to Sudhir	500
" 22	Purchased goods from Sudhir	1,000
" 25	Discount received from him	100
" 27	Goods returned to Sudhir	300
" 31	Paid to Sudhir	500

(b) What is cash book ? And types of cash book.

Marks : 5

OR

What is meaning and features of Petty cash book ?