



Second Semester Five Year B.B.A., LL.B. Examination, June 2013
FINANCIAL ACCOUNTING

Duration : 3 Hours

Max. Marks : 100

- 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** Units.
 3. Figures to the **right** indicate marks.
 4. Answers should be written in **English completely**.
 5. **Use** simple calculator.

UNIT – I

Q. No. 1. (a) What is Accounting ? Explain different Accounting Concepts. Marks : 15

OR

What do you mean by Double-entry system of Book-Keeping ?
What are its advantages and disadvantages ?

(b) Write a short note on : : Marks : 5

Difference between accounting concepts and conventions.

OR

Accounting Standards.

UNIT – II

Q. No. 2. (a) Journalize the following transactions : Marks : 15

- 1) Commenced business with Rs. 10,000.
- 2) Purchased goods from X Rs. 2,000 on Credit.
- 3) Purchased goods from Y Rs. 1,000 for cash.
- 4) Paid cash Rs. 800 to X on account.
- 5) Returned goods worth Rs. 100 to X.
- 6) Purchased furniture from Z Rs. 300 on Credit.
- 7) Purchased machinery for cash Rs. 500.

P.T.O.



- 8) Sold goods to A Rs. 900 on credit.
- 9) Sold goods to B Rs. 100 for cash.
- 10) Received cash Rs. 400 from A on account.
- 11) A returned goods worth Rs. 50 to us.
- 12) Paid salary Rs. 700 to our Accountant.
- 13) Paid landlord office rent Rs. 150.
- 14) Paid wages Rs. 80.
- 15) Paid for stationary purchased Rs. 20.
- 16) Paid advertisement charges Rs. 120.
- 17) Received interest on bank deposits Rs. 250.
- 18) Received dividend on shares Rs. 30.
- 19) Received commission Rs. 200.
- 20) Withdrawn cash from office Rs. 100 for personnel expenses.

OR

Enter the following transactions in a 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 allowed to him Rs. 200
- May 6 Cash sales Rs. 20,000
- May 9 Paid Kamat by 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 form bank for office use Rs. 500
- May 24 Sold goods for Rs. 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



May 31 Paid Rs. 400 to Ganesh in full settlement of his account Rs. 450

May 31 Bought goods paid by cheque Rs. 1,500.

(b) Write a short note on :

Marks : 5

Purchase book and sales book

OR

Trial Balance.

UNIT – III

Q. No. 3. (a) The following Trial Balance of Shri Shant as on 31st March, 1999. You are requested to prepare the Trading and Profit and Loss Account for the year ended 31st March, 1999 and Balance Sheet as on that date after making the necessary adjustments

Marks : 15

| Particulars | Debit Rs. | Credit Rs. |
|------------------------------------|----------------------|-----------------------|
| Sundry Debtors | 5,00,000 | – |
| Sundry Creditors | – | 2,00,000 |
| Outstanding liability and expenses | 55,000 | – |
| Wages | 1,00,000 | – |
| Carriage Outwards | 1,10,000 | – |
| Carriage Inwards | 50,000 | – |
| General Expenses | 70,000 | – |
| Cash discounts | 20,000 | – |
| Bad Debts | 10,000 | – |
| Motor Car | 2,40,000 | – |
| Printing and Stationary | 15,000 | – |
| Furniture and Fittings | 1,10,000 | – |
| Advertisement | 85,000 | – |
| Insurance | 45,000 | – |
| Salesmen's Commission | 87,500 | – |
| Postage and Telephone | 57,500 | – |
| Salaries | 1,60,000 | – |
| Rate and Taxes | 25,000 | – |
| Drawings | 20,000 | – |



| | | |
|-----------------|------------------|------------------|
| Capital Account | – | 14,43,000 |
| Purchases | 15,50,000 | – |
| Sales | – | 19,87,500 |
| Stock on 1-4-99 | 2,50,000 | – |
| Cash at Bank | 60,000 | – |
| Cash in Hand | 10,500 | – |
| | 36,30,500 | 36,30,500 |

The following adjustments are to be made :

- 1) Stock on 31st March, 1999 was valued at Rs. 7,25,000.
- 2) A provision for Bad and Doubtful Debts is to be created to the extent of 5% on Sunday Debtors.
- 3) Depreciate :
Furniture and Fittings by 10%
Motor – Car by 20%
- 4) Shri Shant had withdrawn goods worth Rs. 25,000 during the year.
- 5) Sales include goods worth Rs. 75,000 sent out to Sham and Company on approval and remaining unsold on 31st March, 1999. The cost of goods was Rs. 50,000.
- 6) The salesmen are entitled to a commission of 5% on total sales.
- 7) Debtors include Rs. 25,000 bad debts.
- 8) Printing and stationary expenses of Rs. 55,000 relating to 1997-98 had not been provided in that year but was paid in this year by debiting outstanding liabilities.
- 9) Purchases include purchase of furniture worth Rs. 50,000.

OR

The following is the Trial Balance of Sham and Company as on 31-12-2010 :

| Particulars | Debit Rs. | Credit Rs. |
|---------------------|----------------------|-----------------------|
| Sham's Capital | – | 83,000 |
| Sham's Drawings | 2,000 | – |
| Buildings | 20,000 | – |
| Machinery | 10,000 | – |
| Purchases and Sales | 1,10,000 | 1,80,000 |
| Returns | 5,000 | 2,000 |
| Discount | 2,500 | 1,500 |



| | | |
|------------------------------|-----------------|-----------------|
| Debtors and Creditors | 80,000 | 40,000 |
| Advertising | 3,200 | — |
| Wages | 18,000 | — |
| Carriage inwards | 1,500 | — |
| Salaries | 20,000 | — |
| Office rent | 3,000 | — |
| Postage and Telegram | 1,600 | — |
| Interest received | — | 500 |
| Investments | 10,000 | — |
| Cash in hand | 7,500 | — |
| Cash at Bank | 8,000 | — |
| Opening Stock | 10,000 | — |
| Bills receivable and payable | 1,000 | 4,500 |
| Commission | — | 1,800 |
| | 3,13,300 | 3,13,300 |

Adjustments :

- i) Goods worth Rs. 200 were used for personal use.
 - ii) Make provision for bad and doubtful debts on debtors at 5%.
 - iii) Depreciate machinery and building at 5%.
 - iv) Outstanding salaries Rs. 4,000.
 - v) Closing stock was valued at Rs. 3,000.
- Prepare Final Accounts.

- (b) Write a short note on :
Trading and Profit and Loss Account.

Marks : 5

OR

Balance Sheet.

UNIT – IV

- Q. No. 4. (a) Q accepted an accommodation bill for Rs. 2,000 and returned it to P who discounted the same for Rs. 1,900 and remitted half the proceeds to Q, after deducting the proportionate discount. P failed to remit the remaining amount before the due date. So the bill was dishonoured by Q. P took up the same and drew a 2 months bill on Q for the amount due and interest Rs. 40. The new bill was duly met by Q on the due date.

Pass the journal entries in the books of P and Q.

Marks : 15

OR



Suresh owed money to Ramesh and hence accepted two bills each of Rs. 5,000 at 3 months duration drawn on him by the latter on 1st January, 1995. Ramesh discounted one of the bills with his bank for net proceeds of Rs. 4,800 and endorsed the other in favour of Mukesh to whom he owed a like sum, on the same date.

Suresh, paid the bill held by Mukesh on the due date, but failed to meet the bill presented by the bank. The inclusive of charges to Ramesh on 10th April, 1995.

Show the Journal entries in the books of Suresh and Ramesh.

(b) Write short note on :

Marks : 5

Advantages of a Bill of Exchange.

OR

Characteristics of kinds of Bill of Exchange.

UNIT – V

Q. No. 5. (a) From the following Receipts and Payments Account and the Opening Balance Sheet of Sanjeevini Hospital and the information given below. Prepare the Income and Expenditure Account for the year ending 31-12-2010 and the Balance Sheet as on that date.

Marks : 15

Receipts and Payments Account for the year ended 31-12-2010

| | | | |
|----------------------------|-----------------|----------------------------|--------|
| To Opening Balance | | By Salaries | 5,000 |
| Cash | 500 | By Office Expenses | 4,500 |
| Bank | 5,000 | By Diet Expenses | 2,500 |
| Govt. Securities | <u>1,00,000</u> | By Medicines Purchased | 3,000 |
| To Subscriptions : | | By Land purchased | 50,000 |
| 2009 | 2,000 | By Building Construction | 40,000 |
| 2010 | 14,000 | By Furniture (on 1-7-2010) | 4,600 |
| 2011 | 3,000 | By Rent and Insurance | 1,400 |
| To Entrance fees | 1,000 | By Expenses of | |
| To Donations | 10,000 | Benefit show | 3,000 |
| To Interest on Investments | 10,000 | By Closing Balances : | |
| To Interest from Bank | 1,200 | Cash | 1,000 |
| To Fees from Patients | 3,500 | Bank | 5,000 |



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| | | | |
|-------------------------------|-----------------|---------------------|-----------------|
| To Proceeds form Benefit show | 4,800 | Govt. | |
| To Grant from Govt : | | Securities 1,00,000 | 1,06,000 |
| For Building | 60,000 | | |
| For Maintenance | 5,000 | | |
| | 2,20,000 | | 2,20,000 |

Balancer Sheet as at 31-12-2009

| | | | |
|-----------------------------|-----------------|-----------------------------|-----------------|
| Capital Fund | 29,200 | Furniture | 5,400 |
| Endowment Fund | 1,00,000 | Instruments and Equipments | 9,600 |
| Outstanding Office Expenses | 500 | Investments in Governments | |
| | | Securities | 1,00,000 |
| | | Stock of Medicines | 200 |
| | | Outstanding subscriptions | 2,000 |
| | | O/s interest on Investments | 7,000 |
| | | Cash on hand | 500 |
| | | Cash at bank | 5,000 |
| | 1,29,700 | | 1,29,700 |

Half of the donations are to be capitalised :

Outstanding subscriptions as at 31-12-2010 Rs. 2,500

O/s interest on investments as at 31-12-2010 Rs. 7,000

Salaries outstanding as at 31-12-2010 Rs. 1,000

Insurance prepaid Rs. 400. Depreciate furniture at 10% p.a. and instruments and equipments at 20% p.a. stock of medicines as on 31-12-2010 Rs. 500.

OR

The Receipts and Payments Account of Naveen Football Club for the year ended 31st March, 1998, was as under :

| Receipts | Rs. | Payments | Rs. |
|--------------------------|------------|-----------------------|------------|
| To Balance b/d (1-4-97) | 48,000 | By Purchases of Balls | 80,000 |
| To Subscription Received | 2,46,000 | By Tournament Fees | 10,000 |
| To Interest | 2,000 | By Affiliation fees | 2,000 |
| To Sales of Furniture | 10,000 | By Rent of playground | 5,000 |

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| | | | |
|--------------------------------|-----------------|-------------------------|-----------------|
| To Donations for Club Building | 60,000 | By Refreshment Expenses | 4,000 |
| | | By Travelling expenses | 30,000 |
| | | By Investments | |
| | | purchased at | |
| | | face value | 1,00,000 |
| | | By Salary | 12,000 |
| | | By Miscellaneous | |
| | | Expenses | 8,000 |
| | | By Balance c/d | |
| | | (31-3-98) | 1,15,000 |
| | 3,66,000 | | 3,66,000 |

Prepare the Club's Income and Expenditure Account for the year ended 31st March, 1998, and the Balance Sheet as on that date, after taking the following information into account :

- 1) The subscription received include Rs. 10,000 outstanding subscription of the year 1996-97. Subscriptions for the year 1997-98 amounting to Rs. 16,000 is still outstanding form members. Some members have paid subscriptions for the year 1998-99 amounting to Rs. 8,000 which is included in the subscriptions received.
- 2) Interest accrued but not received Rs. 500.
- 3) The book value of furniture sold was Rs. 14,000.
- 4) The rent of playground Rs. 6,000 and Salary Rs. 5,000 of the year 1997-98 are still outstanding and rent of playground of the year 1996-97 Rs. 1,000 has been paid during this year.
- 5) There is a stock of balls with the Club valued at Rs. 4,000 as on 31st March, 1998.

(b) Write a short note on :
Donations.

Marks : 5

OR

Receipts and Payments Account.