



**Second Semester of Five Year B.B.A., LL.B. Examination, June/July 2012**  
**FINANCIAL ACCOUNTING (Course – II)**

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 the Units.
  3. Figures to the **right** indicate marks.
  4. **Use** simple calculator.

**UNIT – I**

Q. No. 1. (a) Define accounting. Explain its concepts. Marks : 15

OR

What is “Double-entry system” of book-keeping ? What are its advantages and disadvantages ?

(b) What is accounting ? State its functions. Marks : 5

OR

Group the following accounts in personal, real and nominal accounts.

- a) Capital account
- b) Building account
- c) Furniture account
- d) Salary account
- e) Drawing account
- f) Machinery account
- g) Dividend account
- h) Mr. Bharath account
- i) Advertisement account
- j) Cash account.

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**UNIT – II**



Q. No. 2. (a) Journalise the following transactions in the books of cash stationery merchant :

Marks : 15

Jan 1 Cash started business with : Cash	24,000
Loan from Jain	12,000
Furniture and fittings	1,600
Stock & stationery	800
Jan 1 Opened a bank account and deposited	5,000
" 2 Bought stationery for cash	1,387
" 3 Purchased from Shanti Traders the following items against our order :	
Furniture	1,200
Instruments	1,000
Stationery	900

A cheque was sent to them in full settlement of their bill

" 10 Cash sales	2,000
" 10 Cash deposited in bank	1,500
" 15 Goods worth ₹ 500 were defective and returned to Shanti Traders.	
" 20 Sold old furniture for cash	1,000
" 21 Cash purchases	1,100
" 28 Credit sales to Shanti Traders	500
" 31 Received amount due from Shanti Traders.	

OR

Enter the following transactions in purchases and sales day books 2010.

Jan 1 Bought of Pallavi and Co., Bangalore on credit :	
500 meters of silk cloth at ₹ 40 per meter	
300 pieces of shirting at ₹ 50 per pieces	
" 5 Sold to Chandrika of Delhi on credit :	
400 meters of silk cloth at ₹ 50 per meter	
150 pieces of shirting at ₹ 55 per piece at 3% discount	
Jan 10 Purchased from Trilok of Patna on credit :	



- 100 pieces of coating at ₹ 100 per piece  
150 pieces of shirting at ₹ 30 per piece at 5% discount  
Jan 12 Purchased from Mangala Traders, Belgaum on credit :  
100 meters of table cloth at ₹ 80 per meter  
200 towels at ₹ 20 each at 2% discount  
Jan 15 Sold to Chotalal of Mumbai on credit :  
280 pieces of coating at ₹ 120 per piece at 2% discount  
100 pieces of shirting at ₹ 40 per piece at 3% discount  
Jan 18 Bought of Badelal of Bangalore on credit :  
100 pieces of woollen cloth at ₹ 100 per piece  
200 blankets at ₹ 200 each less 5% discount  
Jan 22 Sold to Ramlal of Ratnagiri on credit :  
50 pieces of Woollen cloth at ₹ 200 per piece  
100 blankets at ₹ 220 each  
Jan 25 Sold to Popatlal of Cochin on credit :  
100 pieces of clothing at ₹ 150 per piece  
50 pieces of shirting at ₹ 50 per pieces  
100 towels at ₹ 30 each  
Jan 30 Purchased from Saranath of Baroda for cash :  
100 pairs of garments at ₹ 50 per pair  
50 pairs of cushions at ₹ 100 per pair.

(b) What is ledger posting ? Explain the procedure of posting.

Marks : 5

OR

What is "Debit Note" ? Draft a specimen of "Debit Note".

### UNIT – III

Q. No. 3. (a) From the following trail balance of Mr. Ramesh, prepare his trading and profit and loss account for the year ended 31-12-2010 and balance sheet as on date.

Marks : 15

S.No.	Name of Accounts	Dr. ₹	Cr. ₹
1	Capital Account	—	50,000
2	Drawings Account	10,000	—
3	Stock on 01-01-2010	25,000	—
4	Bills Receivable	5,000	—
5	Sales	—	1,62,500

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6	Returns inwards	2,500	—
7	Purchases	1,03,500	—
8	Return outwards	—	3,500
9	Sundry debtors	16,200	—
10	sundry creditors	—	12,000
11	Bills payable	—	6,000
12	Salaries	11,000	—
13	Wages	9,600	—
14	Machinery	30,000	—
15	Furniture	5,000	—
16	Rent and taxes	3,500	—
17	Insurance	1,300	—
18	Printing and stationery	1,500	—
19	Cash in hand	200	—
20	Cash at bank	9,700	—
		<b>2,34,000</b>	<b>2,34,000</b>

**Adjustments :**

- Closing stock as on 31-12-2010 ₹ 18,000
- Depreciate machinery by 5% and furniture by ₹ 500
- Outstanding expenses : Wages ₹ 400 and Rent ₹ 1,000
- Insurance prepaid ₹ 150
- Written off ₹ 200 as bad debts and make provision for doubtful debts at 5% on debtors.

OR

From the following trail balance of Rajan as at 31-12-2010, prepare his final accounts.

S.No.	Name of Accounts	Dr. ₹	Cr. ₹
1	Rajan's capital	—	29,000
2	Rajan's drawings	760	—
3	Purchases and sales	8,900	15,000
4	Stock (1.1.2010)	1,200	—



5	Sales returns and purchase returns	280	450
6	Wages	800	—
7	Buildings	22,000	—
8	Freight and carriage	2,000	—
9	Trade expenses	200	—
10	Advertisement	240	—
11	Interest	—	350
12	Taxes and insurance	130	—
13	Debtors and creditors	6,500	1,200
14	Bills receivable and bills payable	1,500	700
15	Cash at bank	1,200	—
16	Cash in hand	190	—
17	Salaries	800	—
		<b>46,700</b>	<b>46,700</b>

**Adjustments :**

- Stock on 31-12-2010 was valued at ₹ 1,500
- Insurance was prepaid to the extent of ₹ 40
- Outstanding liabilities were : Salaries ₹ 200 and taxes ₹ 130
- Depreciate buildings by 20%.

(b) What is final accounts ? Explain its needs and significance. Marks : 5

OR

Show the format of trading account.

**UNIT – IV**

Q. No. 4. (a) On 1-1-2010 X sells goods to Y worth ₹ 6,000 credit on and draws three bills on him on the same date. The first bill of ₹ 1,000 for 1 month, the second for ₹ 2,000 for 2 months and the third for ₹ 3,000 for 3 months. Y accepts the same and returns them to X. X retained the first bill until the due date . On 4-1-2010 the second bill is endorsed over to Z and the third bill is discounted at 20% p.a. on the same date.

Pass the journal entries in the books of X, Y and Z assuming that all the bills are met on their respective due dates.

Marks : 15

OR



P draws a bill on Q for ₹ 1,000 and Q accepts the same and returns it to P who endorses it over to R. Then R endorses it to S who discounts the bill for ₹ 980 with his bankers. Before the due date Q approaches P and requests him, to cash ₹ 500 and to draw a new bill for ₹ 550 to renew the old bill. P agrees to these proposals and also to take up the first bill on the due date.

Pass the journal entries in the books of P, Q, R and S.

(b) Write a note on :

Marks : 5

- i) Noting and protesting of bill
- ii) Retiring of bill.

OR

Define "Promissory Note". Lists its features.

### UNIT – V

Q. No. 5. (a) From the following receipts and payments account of Sanjeevini hospital newly commenced on 1-1-2010 and the adjustments given below, prepare the income and expenditure account for the year ending 31-12-2010 and the balance sheet as on date.

Marks : 15

#### Receipts and payments account for the year ended 31-12-10

To balance b/d		– By investments &	
To subscriptions	10,000	equipments	12,000
To entrance fees	2,000	By furniture	6,000
To endowment fund	1,00,000	By diet expenses	1,800
To Donations	20,000	By medicines	
To fees from patients	2,500	purchased	1,200
To interest from bank	200	By salaries	5,000
To miscellaneous		By office expenses	3,500
expenses	300	By Government	
		securities	1,00,000
		By balance c/d	
		Cash	500
		Bank	<u>5,000</u>
	<b>1,35,000</b>		<b>1,35,000</b>



Donations are to be capitalised. The Government Securities represent investment of the endowment fund amount.

Outstanding subscriptions ₹ 2,000, outstanding interest Government Securities ₹ 7,000, office expenses outstanding ₹ 500.

Depreciate instruments and equipments at 20% and furniture at 10%.

Stock of medicines as on 31-12-2010 ₹ 200.

OR

From the following particulars of public library, prepare the income and expenditure statement for the year ending 31-03-2010 and balance sheet as at 1-4-2009 and also as at 31-03-2010.

The following are the ledger balances as at 31-3-09 capital fund :

Building	50,000
Investments	10,000
Outstanding creditors for expenses	1,000
Library books	18,000
Furniture	8,000
Outstanding subscriptions	1,500
Lecture hall rent receivable	500
Cash	3,000

**Receipts and payments account for the year ending 31-3-2010**

To balance b/d	3,000	By salary	5,500
To entrance fees	2,000	By municipal taxes	800
To subscriptions	15,000	By insurance	500
To sale of furniture	200	By library books	4,000
To sale of old newspaper	100	By outstanding	
To rent of lecture hall	2,500	creditors of last	
To proceeds from lectures	1,200	year paid	1,000

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To interest on investments 1,000	By repairs	300
	By furniture	6,000
	By office expenses	1,800
	By subscription to periodicals	600
	By balance c/d	4,500
	<b>25,000</b>	<b>25,000</b>

**Adjustments :**

- 1) ₹ 2,500 were outstanding by way of subscriptions and ₹ 1,000 towards rent of lecture hall
  - 2) ₹ 2,000 were received in advance towards subscription for next year
  - 3) Entrance fees to be capitalized
  - 4) A sum of ₹ 100 prepaid towards insurance
  - 5) Depreciate buildings at 5%, library books and furniture at 10%. Such depreciation to be calculated on the opening balance of the respective assets.
- (b) How do you classify the following receipts into revenue and capital ?
- a) Legacies
  - b) Grant for construction of pavilion
  - c) Sale of furniture
  - d) Sale of used sports material
  - e) Prize fund donations.

Marks : 5

OR

How do you treat the following ?

- a) Prizes paid when the prize fund maintained
- b) Wages paid for up keep of an asset
- c) Wages paid for erection of new machinery
- d) Life membership fees
- e) Legacies.