



Second Semester (Five Years) B.B.A. LL.B. Examination, January 2012
FINANCIAL ACCOUNTING

Duration :3 Hours

Max. Marks : 100

- Instructions:**
- 1) Answer **all five** 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 **right** indicate marks.
 - 4) **Use** simple calculator.

UNIT – I

- Q. No. 1. (a) What is accounting concept ? Explain any five accounting concepts.
- a) Business entity concept
 - b) Going concern concept
 - c) Money measurement concept
 - d) Cost concept
 - e) Dual aspect concept
 - f) Realisation concept
 - g) Accounting period concept
 - h) Matching concept.

OR

- (a) Describe briefly three kinds of accounts with examples and explain the 'Golden' rules of debit and credit of these accounts. Marks : 15
- (b) State role of an accountant in present day. Marks : 5

OR

Explain the accounting cycle with neat sketch.

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UNIT – II

Q. No. 2. (a) Prepare Sudhir's account as it would appear in the books of Anupam.

Marks : 15

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

OR

(a) M/s. Mitra and Co. has been allowed an overdraft facility upto ₹ 5,000 by State Bank. The following are the transactions for the transactions for the month of March 2009. Prepare the cash book with cash, bank and discount columns.

		₹
2009		
Mar. 1	Balance in hand	1,000
Mar. 1	Bank overdraft	3,000
Mar. 4	Issued a cheque to B. Babu	500
Mar. 6	Received a cheque from Ravi and deposited into bank	1,000
Mar. 7	Draw from bank for office use	500
Mar. 9	Paid life insurance premium in cash	250
Mar. 15	Bank collected dividend	500
Mar. 20	Cash received from Shaha and deposited into Bank	450



Mar. 25	Ravi's cheque was returned dishonoured	1,000
Mar. 26	Paid salary by cheque	750
Mar. 27	Bank charged interest on overdraft	500
Mar. 30	Withdraw cash from office for private use	300
Mar. 31	Raised the maximum amount of overdraft	?

from the bank for office use.

(b) What is contra entry ? Explain the situations when the contra entries are passed in three column cash book ?

Marks : 5

OR

From the following ledger balances prepare the trial balance of Mr. Dinesh as at 31-3-2010.

	₹		₹
Cash in hand	800	Salaries	3,000
Bank overdraft	5,600	Sales	17,600
Purchase returns	1,600	Debtors	3,400
Sundry expenses	4,800	Creditors	4,800
Sales returns	3,200	Opening stock	12,000
Purchases	11,200	Capital	8,800

UNIT – III

Q. No. 3. (a) From the following trial balances of Govind, prepare the final accounts :

Marks : 15

Sr. No.	Name of the accounts	Dr. ₹	Cr. ₹
1.	Purchase and sales	16,000	30,000
2.	Discount	1,300	–
3.	Wages	6,500	–
4.	Salaries	2,520	–
5.	Carriage inwards	275	–
6.	Insurance	150	–
7.	Carriage outwards	500	–
8.	Capital	–	10,000
9.	Overdraft	–	3,000
10.	Creditors	–	2,100

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11.	Rent	500	—
12.	Sundry expenses	160	—
13.	Cash	2,750	—
14.	Building	4,000	—
15.	Machinery	2,000	—
16.	Stock (opening)	5,850	—
17.	Debtors	3,250	—
18.	Bills payable	—	655
		45,755	45,755

Adjustments :

- 1) Rent due ₹ 30
- 2) Insurance prepaid ₹ 20
- 3) Depreciate machinery by 10%
- 4) Make provision for debtors ₹ 500
- 5) Discount expected from creditors 5%
- 6) Closing stock ₹ 6,000.

OR

(a) From the following extracted balances from the books of Mr. Sachin S. as on 31st December 2010.

Capital	70,000	Bills payable	50,000
Stock (1/01/2010)	60,000	Bank overdraft	15,000
Drawings	22,000	Creditors	45,000
Sales	2,50,000	Debtors	92,000
Purchase returns	2,600	Plant	20,000
Interest	430	Rates and taxes	6,920
Wages	37,000	Return inwards	5,400
Trade expenses	2,790	Purchases	1,50,000
Salaries	11,200	Bad debts	800
Business premises	12,000	Furniture	10,000
Cash	2,060	—	—



Adjustments :

- 1) Stock on 31-12-2010 was ₹ 90,000.
 - 2) Outstanding wages ₹ 8,400 and outstanding rates 4,500.
 - 3) Write off ₹ 2,000 as additional bad debts.
 - 4) Provide 5% on debtors for bad and doubtful debts.
 - 5) Prepaid salaries were ₹ 700.
 - 6) Depreciate plant by 2% and furniture by 10%.
- (b) Prepare a balance sheet showing at least five items with imaginary figures.

Marks : 5

OR

How do you adjust the following in final accounts :

- i) Loss of goods of ₹ 10,000 by fire
- ii) 12% interest on bank loan of ₹ 10,000 for one year due but not paid ?

UNIT – IV

- Q. No. 4. (a) Define a “Bill of exchange”. State its features and advantages and draft its specimen.

Marks : 15

OR

- (a) On 1-1-2010 Shamala sold goods to Vimala worth ₹ 21,000 on credit and draw three bills on the same date, the first bill of ₹ 3,000 for one month, the second bill for ₹ 6,000 for two months and the third one ₹ 12,000 for three months. Vimala accepts them and returned same to Shamala.

Shamala retained the first bill until the due date. On 4-1-2010 second bill endorsed to Kamala and the third bill discounted at 20% per on the same date.

Pass the journal entries in the books of Shamala, Vimala and Kamala assuming that all the bills met on their respective due date.

- (b) Write a short note trade and accommodation bills with examples. Marks : 5

OR

What is “Promissory Note” ? Prepare its specimen ?



UNIT – V

Q. No. 5. (a) From the following receipts and payments account and the opening balance sheet of Sagar Hospital and the information given below prepare the income and expenditure account for the year ending 31-12-2010 and balance sheet as on date.

Receipt and payment account for the year ended 31-12-10. Marks : 15

		₹			₹
To opening balances:			By salaries		5,000
Cash	500		By office expenses		4,500
Bank	5,000		By dict. expenses		2,500
Govt. securities	<u>1,00,000</u>	1,05,500	By medicine purchased		3,000
To subscriptions			By land purchased		50,000
2009	2,000		By building construction		40,000
2010	14,000		By furniture (1-7-2010)		4,600
2011	<u>3,000</u>	19,000	By rent and insurance		1,400
To entrance fees		1,000	By expenses of benefit		3,000
To donations		10,000	Show		
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	
To proceed from benefit			Govt. securities <u>1,00,000</u>		1,06,000
Show		4,800			
To grant from govt.					
For building		60,000			
For maintenance		<u>5,000</u>			
		2,20,000			2,20,000



Balance 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	500	Investment in Government securities	1,00,000
Expenses		Stock of medicines	200
		Outstanding subscriptions	2,000
		Outstanding interest on investments	7,000
		Cash in hand	500
		Cash at bank	5,000
	1,29,700		1,29,700

Ad Half of donation are to be capitalised. Outstanding subscriptions as at 31-12-2010 ₹ 2,500. Outstanding interest on investment as at 31-12-2010 ₹ 7,000.

Salaries outstanding as at 31-12-2010 ₹ 1,000. Insurance prepaid ₹ 400. Depreciate furniture at 10% p.a. instruments and equipments at 20% p.a. stock of medicines as on 31-12-2010 ₹ 500.

OR

- (a) The following is receipts and payments account of Bengaluru sports club for the year ended 31-12-2010.

	₹		₹
To balance 1-1-2010	2,000	By Hanorarium to secretary	5,000
To entrance fees	1,000	By wages of grounds man (c)	2,800
To subscriptions (a)	9,000	By upkeep of grounds (d)	3,200
To proceeds concert	2,400	By ground rent	100
To interest on investments (b)	600	By printing and stationary	400
		By postage and telegrams	500
		By balance : 31-12-2010	3,000
	15,000		15,000



- a) This item includes ₹ 1,000 pertaining to the previous year.
- b) This item includes ₹ 100 pertaining to previous year.
- c) This item includes ₹ 300 applicable to previous year.
- d) This item includes ₹ 200 applicable to previous year.

The other ledger balances as at the commencement of year were :
Capital fund ₹ 60,000; income and expenditure account (Cr. balance) ₹ 20,000; buildings ₹ 20,000, grounds ₹ 15,000 investments ₹ 5,000; furniture ₹ 8,000 and sports materials ₹ 29,400.

From the above particulars prepare the balance sheet as at the commencement of the year, income and expenditure account for the year balance sheet as at the close of the year after taking into consideration the following.

Entrance fees are to be capitalised. Outstanding wages of grounds man ₹ 500 and outstanding ground rent ₹ 50. Accrued interest on investments ₹ 350; depreciate building at 5% and furniture at 10%. Sports materials were valued at ₹ 20,000 as at 31-12-2010.

- (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 ?