



II Semester 5 Year B.B.A., LL.B. Examination, December 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. **Use** simple calculator.

UNIT – I

- Q. No. 1. (a) What are accounting concepts and conventions ? Explain six concepts and four conventions. Marks : 15

OR

Define accounting. Explain objectives and functions of accounting.

- (b) Write a short note on : Marks : 5
Accounting Standards.

OR

Difference between single entry and double entry system.

UNIT – II

- Q. No. 2. (a) Journalize the following transaction :

2010

- Nov. 1 Shyam commenced business with following cash
Rs. 40,000, furniture Rs. 10,000, Machinery
Rs. 20,000
- 2 Deposited into Bank Rs. 20,000
 - 3 Purchased goods from Sujay Rs. 20,000
 - 5 Sold goods for cash Rs. 30,000
 - 7 Settled Sujay Account and allowed discount Rs. 400

P.T.O.



- 10 Paid wages of cheque Rs. 1,000
- 13 Drew for personal use Rs. 600
- 15 Purchased from Madhuri and Co. machinery on credit Rs. 50,000
- 17 Drew for office use Rs. 2,000
- 20 Purchased goods from Vishal Rs. 40,000
- 23 Sold goods to Ramesh Rs. 20,000
- 25 Received a cheque of Rs. 10,000 from Ramesh
- 28 Paid salary of Rs. 4,000
- 30 Paid rent by cheque Rs. 2,000

OR

Draw a three column cash book from the following transactions :
2010

- Nov. 1 Mr. Yuvraj started business with cash Rs. 40,000
- 2 Opened a bank account with Rs. 20,000
- 4 Received for cash sales Rs. 10,000
- 6 Paid for stationary Rs. 2,000
- 13 Received a cheque from Samkit Rs. 7,700 and allowed him discount Rs. 300
- 15 Sent Samkit's cheque to bank for deposits
- 18 Paid office rent by cheque Rs. 6,000
- 19 Received commission Rs. 4,000
- 22 Withdrawn from bank for office use Rs. 3,000
- 24 Sunil, a customer directly, paid into our bank account Rs. 5,000
- 26 Paid Ankit by cheque Rs. 1,800 and received discount Rs. 400
- 27 Cash sales Rs. 16,000 of which paid into bank Rs. 4,000
- 28 Cash purchase Rs. 10,000 of which paid by cheque Rs. 4,000
- 29 Withdrawn from bank for personal use Rs. 6,000

Marks : 15



(b) Write a short note on :

What are Purchases Book and Sales Book ? State the rules observed while recording transactions in these two books.

OR

Why a Trial Balance is drawn ? How does it help a business ? Marks : 5

UNIT – III

Q. No. 3. (a) Following is the Trial Balance of Anand Traders

Marks : 15

Trial Balance as on 31-03-2009

Name of the Account	Debit Rs.	Credit Rs.
Capital	–	2,40,000
Drawings	30,000	–
Bill Receivables	44,000	–
Debtors and Creditors	1,20,000	1,16,000
Machinery	40,000	–
Wages	78,000	–
Purchases and sales	5,04,000	7,10,000
Commission	–	11,000
Rent and taxes	12,000	–
Stock on 1-4-08	1,80,000	–
Salaries	21,000	–
Travelling expenses	4,000	–
Insurance	1,200	–
Repairs	6,800	–
Bad debts	7,000	–
Furniture	18,000	–
Returns	10,000	4,000
Cash	1,000	–
Bank	4,000	–
	10,81,000	10,81,000

**Adjustments :**

- 1) Stock on 31-03-2009 was Rs. 2,00,000
 - 2) Create 5% provision for doubtful debts.
 - 3) Prepaid Insurance Rs. 200
 - 4) Commission earned but not received Rs. 1,000
 - 5) Wages and salaries due Rs. 2,000 and Rs. 3,000 respectively.
 - 6) Depreciate machinery by 15% p.a. and Furniture by 10% p.a.
- Prepare Trading A/c, Profit and Loss A/c and Balance Sheet for the year 31-3-2009.

OR

Record the following transactions of Mahesh in a cash book with three columns :

2011

- Sept. 1 Cash in hand Rs. 5,600 and cash at bank Rs.8,200
- 3 Received from Joseph Rs. 3,500 and allowed him discount Rs. 30
- 7 Paid into bank Rs. 2,700
- 8 Received for cash sales Rs. 500 in cash and Rs. 1,500 by cheque
- 10 Paid George by cheque Rs. 630 in full settlement of his account of Rs. 700
- 11 Cash purchases by cheque Rs. 500
- 15 Drew from bank for office use Rs. 700
- 17 Advertising expenses paid Rs. 200
- 20 Nithin paid directly into our bank account Rs. 180
- 23 Withdrew cash for personal use Rs. 150
- 26 Paid rent by cheque Rs. 600
- 29 Received from Raja a cheque of Rs. 485 in full settlement of his account of Rs. 500
- 31 Received commission Rs. 100

(b) Write a short note on :

Comment on uses of final accounts of a firm. Name important users of Financial Statements.

OR

What are pre-received incomes and prepaid expenses ? How do you adjust them in Final Accounts ?

Marks : 5



UNIT – IV

Q. No. 4. (a) Define Bills of Exchange. Discuss various kinds of bills in the light of their advantages and limitations.

OR

What is Bills of Exchange ? Explain retirement of bills and renewal of bills with examples. Give specimen entries in drawer and drawee’s books for the same.

Marks : 15

(b) Mr. Ramesh drew a bill on Mr. Suresh on 1st Jan. 2010 for 3 months Rs. 6,000. After receiving back the accepted bill, he endorsed it to Mr. Umesh on the due date the bill is dishonoured by Suresh. Pass journal entries in all parties books.

OR

Mr. Rajesh drew a bill on Mr. Mahesh on 1st Jan. 2010 for 3 months for Rs. 10,000. On receiving the accepted bill Rajesh sent it for discounting with his banker for Rs. 9,800. Before the due date Mahesh approached Rajesh and asked him to renew it for another month for Rs. 11,000. Rajesh agreed. Pass entries in the books of both Rajesh and Mahesh. Marks : 5

UNIT – V

Q. No. 5. (a) Following is the Receipts and Payment account of Victory Sports Club for the year 31-12-2009

Receipts and Payments A/c

	Rs.		Rs.
To Balance b/d	8,000	By Salaries	2,000
” Subscription	40,000	” Wages	1,500
” Entrance fees	5,000	” Investments	2,500
” Sale of old Magazines	1,000	” Furniture	2,000
” Sale of old Sports Material	2,000	” Sports Material	20,000
” Rent	7,000	” Magazines	2,000
		” Tournament expenses	5,000
		” Balance c/d	28,000
	63,000		63,000



Other Information :

- 1) Subscription outstanding on 31-12-2008 Rs. 5,000 and on 31-12-2009 Rs. 7,000
- 2) 50% of Entrance fees to be capitalised
- 3) Salary outstanding on 31-12-2008 Rs. 500 and on 31-12-2009 Rs. 1,000
- 4) Rent received in advance on 31-12-2008 Rs. 1,000
- 5) The Club had Library books worth Rs. 10,000, Furniture Rs. 15,000 and Sports material Rs. 50,000 on 1st Jan. 2009.
- 6) Furniture to be depreciated @ 10% p.a.

Prepare Balance Sheet on 1-1-2009, Income and Expenditure A/c 31-12-2009 and a Balance Sheet on 31-12-2009

OR

Generous Charity Club prevents following information :

Receipts and Payments Account as on 31-12-2009

Receipts	Rs.	Payments	Rs.
To Op. Cash balance	1,00,000	By Salaries	3,00,000
” Subscription	6,00,000	” Tour expenses	50,000
” Donations	3,00,000	” Furniture	40,000
” Rent	25,000	” Printing and Stationary	12,000
” Misc. receipts	10,000	” Instruments	2,50,000
		” Newspapers	1,500
		” Misc. expenses	20,000
		” Balance c/d	3,61,500
	10,35,000		10,35,000



Balance Sheet as on 31-12-2009

	Rs.		Rs.
O/s Salaries	20,000	Furniture	1,00,000
Tour expenses due	20,000	Buildings	10,00,000
Printing and Stationary due	5,000	Books	10,000
Capital fund	15,25,000	Investments	2,00,000
		Music instrument	1,00,000
		Subscription	50,000
		Accrued rent	10,000
		Cash	1,00,000
	15,70,000		15,70,000

Adjustments :

1) Outstanding expenses as on 31-12-2009 were salaries Rs. 25,000, Tour expenses Rs. 5,000 and Printing Rs. 2,000.

2) Depreciate Building 10% and furniture by 15% p.a.

Prepare Income and Expenditure A/c and Balance Sheet for the year 31-12-2009.

Marks : 15

(b) What are non-trading concerns ? Give examples. What are their objectives ?

OR

Explain revenue receipts and revenue payments. Are they treated differently as against capital receipts and payments ? Give examples.

Marks : 5