



**II Semester of 5 Year B.B.A.,LL.B. Examination, December 2012  
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. **Use** simple calculator.

**UNIT – I**

Q. No. 1. (a) What is accounting ? Explain the various objectives of book-keeping.

OR

- (a) What do you mean by accounting conventions ? Explain the various accounting conventions. Marks : 15
- (b) What are the advantages of double entry system of book-keeping ?

OR

- (b) Explain briefly major accounting concepts. Marks : 5

**UNIT – II**

Q. No. 2. (a) Enter the following transactions in the proper subsidiary books and post them to ledger accounts :

2011

- July 1 Purchased goods from Govind Rs. 6,000  
4 Sold goods to Manohar Rs. 2, 800  
6 Bought from Mr. Avinash of the catalogue price of Rs. 10,000 less trade discount at 5%

P.T.O.



- 9 Sold goods to Bagalkot Traders of Rs. 5,000 at a trade discount of 10%
- 14 Placed order with Aditya for supply of goods worth Rs. 8,000
- 18 Aditya supplied to us only 50% of goods ordered.
- 25 Sold goods to Venkateshwar Rs. 2,000, trade discount at 5%, packing charges Rs. 50.

OR

- (a) 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. 680 in full settlement of his account of Rs. 700
- 11 Cash purchases by cheque Rs. 500
- 15 Drew from bank for office use Rs. 750
- 17 Advertising expenses paid Rs. 200
- 20 Nithin paid directly into our bank account Rs. 1,800
- 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

Marks : 15

- (b) What is journal ? Distinguish ledger from journal.

OR

- (b) What is trial balance ? Prepare a trial balance with imaginary accounts and figures.

Marks : 5



**UNIT – III**

Q. No. 3. (a) From the following trial balance of Karnataka Stores as at 31-3-2011, prepare trading and profit and loss account for the year ending 31-3-2011 and Balance Sheet as on that date :

	<b>Dr.</b>	<b>Cr.</b>
	<b>Rs.</b>	<b>Rs.</b>
Stock (1-4-2010)	60,000	–
Capital and Drawings	22,000	70,000
Debtors and Creditors	92,000	45,000
Plant	20,000	–
Interest	430	–
Rates and Taxes	6,900	–
Wages	30,000	–
Carriage inwards	3,000	–
Carriage outwards	4,000	–
Purchases and Sales	1,50,000	2,50,000
Returns	5,400	2,600
Trade expenses	2,800	–
Salaries	11,200	–
Bad debts	800	–
Building	12,000	–
Furniture	10,000	–
Cash	2,070	–
Bills payable	–	50,000
Bank overdraft	–	15,000
	<b>4,32,600</b>	<b>4,32,600</b>

**Adjustments :**

- (i) Stock on 31-3-2011 was Rs. 90,000
- (ii) Outstanding Wages Rs. 3,500 and Outstanding Salaries Rs. 2,800
- (iii) Write off Rs. 2,000 as additional bad debts.



- (iv) Provide 5% for bad and doubtful debts.  
 (v) Prepaid rates and taxes Rs. 400  
 (vi) Depreciate plant by 5% and furniture by 10%.

OR

- (a) From the following Trial Balance of Vijayananda, prepare his final accounts after making the adjustments given below :

	Dr.	Cr.
	Rs.	Rs.
Vijayananda's Capital	–	52,000
Purchases and Sales	1,05,000	1,53,500
Returns	3,500	5,000
Stock on 1-1-2010	20,000	–
Freight and duty	3,000	–
Wages	7,000	–
Power and Fuel	2,000	–
Rent (Factory Rs. 2,500, Office Rs. 2,700)	5,200	–
Insurance	950	–
Lighting	1,750	–
Interest from Bank	–	2,000
Office expenses	1,700	–
Commission on sales	1,400	–
Loan from A. Ashok	–	10,000
Repair and Maintenance	1,300	–
Sundry Debtors and Creditors	12,000	12,500
Bills Receivable and Bills Payable	6,500	5,800



Freehold Land	11,000	—
Salary	8,000	—
Machinery	20,000	—
Furniture	5,000	—
Motor Van	15,000	—
Loose Tools	6,000	—
Cash in hand	4,500	—
	<b>2,40,800</b>	<b>2,40,800</b>

**Adjustments :**

- (i) Stock on 31-12-2010 was valued at Rs. 26,000.
- (ii) Interest on loan from A. Ashok accrued and due Rs. 1,000.
- (iii) Vijayanand had utilised goods of the cost of Rs. 1,600 for his personal use but no record was made of it.
- (iv) Goods of the cost of Rs. 800 were distributed as free samples.
- (v) Depreciate machinery at 5%, furniture at 10% and motor van at 20%.

Marks : 15

- (b) What do you mean by adjustments ? Give the adjusting entries for interest on capital and interest on drawings.

OR

- (b) Give the adjusting entries for bad debts and doubtful debts. Marks : 5

**UNIT – IV**

Q. No. 4. (a) On 1-7-2011 Murthy sold goods of Rs. 5,000 to Kirthy and drew a bill for an amount payable after three months. Kirthy accepted the bill and returned it to Murthy. On 4-7-2011 Murthy discounted the bill at a discount of 10% p.a. On the due date the bill was dishonoured and the noting charges incurred amounted to Rs. 20.

Pass the journal entries in the books of both the parties.

OR



- (a) On 1-8-2011 Chetan drew a bill on Anil for Rs. 6,000 for two months. The bill was duly accepted. Before the due date Anil approached Chetan and requested to receive cash of Rs. 2,000 and to draw a new bill for Rs. 4,200 (Rs. 200 being for interest) for a further period of three months in cancellation of the old bill. Chetan agreed for this proposal. The new bill is duly met on the due date.

Pass the journal entries in the books of both the parties.

Marks : 15

- (b) What do you mean by acceptance of a bill and endorsement on a bill ?

OR

- (b) Define a bill of exchange. Who are the parties to it ?

Marks : 5

### UNIT – V

- Q. No. 5. (a) The following is the Receipts and Payments A/c of Basaveshwar Education Society for the year ending 31-12-2010.

Receipts	Rs.	Payments	Rs.
To Cash in hand	6,000	By function expenses	7,500
” Cash at Bank	10,000	” Salaries to staff	20,000
” Fees from students	38,000	” Purchase of computer	30,000
” Proceeds from drama	3,000	” Investments	5,000
” Donations	12,000	” Upkeep of grounds	2,500
” Computer grant from Jindal Trust	10,000	” Contribution to poor boys fund	2,000
” Interest	800	” News papers	1,400
” Sale of old newspapers	200	” Sports expenses	1,600
		” Cash in hand	3,000
		” Cash at bank	7,000
	<b>80,000</b>		<b>80,000</b>



**Additional Information :**

(i) Balance as on 1-1-2010 :

Buildings Rs. 30,000                      Library books Rs. 10,000  
Investments Rs. 7,000                      Sports materials Rs. 10,000  
Income and Expenditure Account (Cr.) Rs. 2,000  
Capital Fund Rs. 71,000

- (ii) Half of the donations should be capitalised.
- (iii) Subscriptions to newspapers prepaid Rs. 600.
- (iv) Staff salaries outstanding Rs. 1,700.
- (v) Provide depreciation on buildings at 5% and on sports materials at 20%.

Prepare Income and Expenditure Account for the year ending 31-12-2010 and Balance Sheet as on that date.

OR

- (a) From the following particulars of Vivekanand Sports Club, prepare Income and Expenditure A/c for the year ending 31-12-2010 and Balance Sheet as on that date :

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

<b>Receipts</b>	<b>Rs.</b>	<b>Payments</b>	<b>Rs.</b>
To Balance on 1-1-2010	3,000	By Printing	400
" Subscriptions	8,400	" Rent and Taxes	1,700
" Sale of old furniture	800	" Salary	4,200
" Tournament fund	10,600	" Wages	1,800
" Sale of old newspapers	100	" Upkeep of grounds	2,500
" Entrance fees	3,000	" Sports equipments	5,300
" Drama proceedings	2,100	" Balance on 31-12-2010	12,100
	<b>28,000</b>		<b>28,000</b>


**Balance Sheet as at 1-1-2010**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Subscriptions for 2011	500	Cash	3,000
Capital Fund	24,900	Subscriptions O/S	400
		Furniture	4,500
		Sports equipments	17,500
	<b>25,400</b>		<b>25,400</b>

**Adjustments :**

- (i) At the end of the year, subscriptions were outstanding to the extent of Rs. 600
- (ii) Furniture be depreciated by 10%
- (iii) Half of the entrance fees are to be capitalised. Marks : 15
- (b) What are the non-trading concerns ? Distinguish between capital expenditure and revenue expenditure.
- OR
- (b) What are the capital receipts and revenue receipts ? Give examples. Marks : 5