



Reg. No. :

Name :

**First Semester B.B.A. Degree Examination, January 2013
(Career Related First Degree Programme Under CBCSS)
(Group 2(b))
Common for Complementary Course BM 1131 2010 Admission/
Core Course BM 1143 2011 Admission
FINANCIAL ACCOUNTING**

Time : 3 Hours

Max. Weightage : 30

SECTION – A

This Section contents **four** bunches of questions **each**. **Each** bunch has **four** questions. Answer **all** questions.

I. Choose the correct answer from the following in brackets.

- 1) The basic function of accounting is to
 - (a) Interpret financial data
 - (b) Record all business transactions
 - (c) Ascertain cost of production
 - (d) Assist Management)
- 2) The process of recording transactions in the Journal is called as
 - (a) Posting
 - (b) Narration
 - (c) Journalizing
 - (d) Balancing)
- 3) The money contributed to the business by the owner is
 - (a) Loan
 - (b) Capital
 - (c) Advance
 - (d) Overdraft)
- 4) The minimum number of persons required to form a partnership is
 - (a) 2
 - (b) 20
 - (c) 10
 - (d) 7)

II. Fill in the blanks by choosing the suitable words from those given in brackets.

- 5) Total Assets of a business = Rs. 2,00,000. Total capital = Rs. 80,000 then its total liabilities is Rs. _____

(2,80,000, 1,20,000, 1,80,000, 20,000)

P.T.O.



- 6) A _____ is a person who owes money to the business.
(Debtor, Creditor, Investor, Lender)
- 7) _____ is ascertained by preparing Trading Account.
(NP, GP, OD, None of these)
- 8) _____ is a technique of marketing a public offer of equity shares of a company.
(Reserve capital, Book building, Redemption, Call)

III. State true or false for the following statements :

- 9) A company cannot issue shares at a premium.
- 10) Calls in advance received by the company is an asset.
- 11) The balance of forfeited shares account, after reissue, is transferred to capital reserve.
- 12) Garner Vs Murray case deals with retirement of partners.

IV. Match the following :

- | A | B |
|-------------------------|------------------------------|
| 13) Calls in arrears | a) Memorandum of Association |
| 14) Dual aspect | b) Partnership deed |
| 15) Joint Stock Company | c) Forfeiture |
| 16) Purchase Day Book | d) Accounting concept |
| | e) Special Journal |
- (4x1=4 Wt.)

SECTION – B

V. Answer **any eight** questions in **one or two** sentences each. Each question carries a weightage of **one**.

- 17) Define Book keeping.
- 18) What are accounting concepts ?

- 19) Define Assets. Give two examples.
- 20) What is trade discount ?
- 21) What are Direct expenses ? Give two examples.
- 22) What is unearned income ?
- 23) What do you mean by provision for doubtful debts ?
- 24) Define 'partnership'.
- 25) What is a Memorandum Revaluation Account ?
- 26) State any two conditions for the issue of shares at a discount.
- 27) What are sweat equity shares ?
- 28) Write the journal entry for issue of 1,00,000 equity shares of Rs. 10 each at a premium of 50%, fully called up and paid up. (8×1=8 Wt.)

SECTION – C

VI. Answer any five questions. Answer shall not exceed one page each. Each question carries a weightage of two.

- 29) Explain briefly the different types of shares that a company can issue.
- 30) Explain the various accounting conventions used in accounting.
- 31) Write notes on :
 - a) Sacrificing ratio
 - b) Fixed capital system
 - c) Nominal partner
 - d) Partnership deed



32) Mr. Mohan commenced business on 1st April 2012 with Rs. 50,000. His transactions for the month of April 2012 are given below :

- April 1 Purchased goods for cash Rs. 5,000
- 2 Bought goods from Ram Rs. 4,000
- 3 Sold goods for cash Rs. 6,000
- 4 Sold goods to Arun on account Rs. 2,000
- 10 Received cash from Arun Rs. 1,900; discount allowed Rs. 100
- 18 Paid wages Rs. 500
- 24 Sold goods for cash Rs. 4,000
- 28 Purchased furniture Rs. 4,000
- 30 Paid rent Rs. 1,000
- " Withdrew cash for personal use Rs. 1,500; and goods taken for personal consumption Rs. 500
- " Paid postage Rs. 100

Journalise the above transactions in the books Mr. Mohan. (Give narrations also)

- 33) From the following information ascertain the amount to be entered in the P and L Account for each of the following and give journal entries to that effect.
- a) Salaries paid Rs. 10,000 included an amount of Rs. 500 for last year and Rs. 700 next year as advance. An amount of Rs. 2,000 is still in arrears for the current year.
 - b) Interest received Rs. 5,000 included an amount of Rs. 400 advance for the coming year and Rs. 600 due for last years. An amount of Rs. 500 is accrued for the current year.
- 34) On 1st January 2011 A, B and C entered in to partnership contributing Rs. 1,50,000, Rs. 1,00,000 and Rs. 50,000 respectively and sharing profits in the ratio of 3 : 2 : 1. A and B are entitled to a salary of Rs. 12,000 and



Rs. 6,000 per annum respectively. 5% interest on capital is to be allowed. Interest on drawings is also to be charged at 5%. A drew Rs. 3,000, B Rs. 5,000 and C Rs. 2,000 ; Interest being A Rs. 75, B Rs. 125 and C Rs. 50. Profit for the year 2011, before the above adjustments was Rs. 62,750. Show how the profit is distributed and also prepare the capital accounts (under fluctuating method).

- 35) X, Y and Z are partners sharing profit in the ratio of 4 : 3 : 2. Y retires and on retirement, the goodwill of the firm is valued at Rs. 21,600. No goodwill appears in the books. X and Z agrees to share future profits in the ratio of 5 : 3. Find out the gaining ratio and pass entries for goodwill if (a) raised (b) raised and written off (c) retiring partner's share of goodwill is raised and written off.
- 36) A company forfeited 500 shares of Rs. 10 each issued at 10% premium (to be collected at the time of allotment) on which first call of Rs. 3 per share was not received. The company has not yet made the second and final call of Rs. 2 per share. Give journal entries regarding forfeiture and reissue in each of the following alternative cases.
 - a) if 300 shares were reissued as Rs. 8 paid up at Rs. 9 per share.
 - b) if 300 shares were reissued as Rs. 8 called up for Rs. 8 per share.
 - c) if 500 shares were reissued as fully paid for Rs. 6 per share. (5x2=10 Wt.)

SECTION – D

VII. Answer any two questions. Each question carries a weightage of four.

- 37) The following is the Trial Balance of Mr. Raju as on 31st March 2012. Prepare Trading and Profit and Loss account for the year ended 31st March 2012 and a Balance Sheet as on that date.

Debit Balances	Rs.	Credit Balances	Rs.
Stock (1-4-2011)	14,000	Sales	2,20,000
Purchases	1,26,000	Capital	1,45,600
Wages	50,500	Creditors	20,000
Salaries	16,000	Loan	15,000



Printing	6,050	
Carriage inwards	3,050	
Rent	5,200	
Insurance	1,320	
Machinery	52,000	
Building	67,000	
Debtors	44,000	
Furniture	3,350	
General expenses	2,600	
Cash in hand	1,930	
Bad debts	1,020	
Bank	6,580	
	4,00,600	4,00,600

Closing stock on 31-3-2012. Rs. 20,600.

Adjustments :

- 1) Depreciate Machinery by 10% p.a.
 - 2) Make a provision of 5% for bad and doubtful debts.
 - 3) Rent paid in advance Rs. 400. Insurance prepaid Rs. 120.
 - 4) Salary outstanding Rs. 1,400.
- 38) The Culcutta Chemicals Ltd. issued to public subscription 1,00,000 equity shares of Rs. 100 each at a premium of Rs. 20 per share, payable as under :
 On application Rs. 20 per share ; On allotment Rs. 50 per share (including premium) ; on first call Rs. 20 per share ; and on final call Rs. 30 per share.
 Applications were received for 1,50,000 shares. The shares were allotted prorata to the applicants for 1,20,000 shares, the remaining applications being rejected. Money over paid on applications was utilised towards sum due on allotment.

Ramlal to whom 4000 shares were allotted, failed to pay allotment and call money and Krishnalal to whom, 5000 shares were allotted failed to pay the two calls. These were subsequently forfeited after the second call was made.

All the forfeited shares were sold to Mohanlal as fully paid up at Rs. 80 per share.

Pass the necessary journal entries and prepare the Balance Sheet, after the transaction are complete.

39) The following was the Balance sheet of A, B and C who were equal partners.

Balance Sheet of A, B and C as on June 1, 2012.

Liabilities	Rs.	Assets	Rs.
Capital Accounts : A	16,800	Buildings	19,500
B	12,600	Furniture	2,400
C	6,000	Stock	11,400
Creditors	6,000	Debtors	10,800
Bills payable	3,300	Cash	600
	44,700		44,700

They agreed to take D into partnership and give him $\frac{1}{4}$ share in the profits on the following terms :

- 1) That D should bring in Rs. 9,000 for goodwill and Rs. 15,000 as capital.
- 2) That $\frac{1}{2}$ of the goodwill shall be withdrawn by the old partners.
- 3) The stock and furniture be depreciated by 10%.
- 4) That a provision of 5% is to be created for doubtful debts.
- 5) That a liability for Rs. 1,080 be created against bills discounted.
- 6) That the value of the building be appreciated by Rs. 7,500 and be valued at Rs. 27,000.

Give Journal entries, show revaluation account and a Balance Sheet after D's admission.

(2x4=8 Wt.)