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Reg. No. : .....

Name : .....

**First Semester B.B.A. Degree Examination, January 2014**  
**(Career Related First Degree Programme Under CBCSS)**  
**Group 2(b)**  
**Core Course**  
**BM 1143 : FINANCIAL ACCOUNTING**  
**(2013 Admission)**

Time : 3 Hours

Max. Marks : 80

**SECTION – A**

Answer all questions in one or two sentence. Each question carries 1 mark.

1. What do you mean by the term "Debit" ?
2. Expand GAAP.
3. What do you mean by Profit and Loss Account ?
4. Explain permanence order of preparing Balance Sheet.
5. List out any three characteristics of partnership.
6. What is sacrificing ratio ?
7. Define Company.
8. What is *pro rata* allotment ?
9. Explain reserve capital.
10. What do you mean by scrip dividend ?

**(1×10=10 Marks)**

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## SECTION – B

Answer any eight questions. Each question carries 2 marks.

11. What are the different branches of accounting ?
12. Explain the accrual system of accounting.
13. Explain the accounting treatment of goods distributed as free samples.
14. A manager is entitled to a commission of 5% on net profit after charging his commission. Net profit before charging such commission is Rs. 1,05,000. Find out the amount of commission payable to the manager.
15. What are the adjustments to be made while admitting a new partner ?
16. Alpha and Beta are partners sharing profits and losses in proportion of 2 : 1. They admit a new partner Gama whom they give  $\frac{1}{6}$ <sup>th</sup> share in profit. Calculate new profit sharing ration.
17. Describe accounting as an information system.
18. What is accounting equation ? Illustrate with figures to prove that the two sides of equation are always equal.
19. What are the different types of Preference Shares ?
20. What are the sources from which Bonus Shares can be issued ?
21. On 1<sup>st</sup> April 2012 Furniture account showed a balance of Rs. 1,00,000 and on 31<sup>st</sup> March, 2013 it was revalue at Rs. 1,25,000. During the year furniture was purchased for Rs. 1,50,000 in respect of which carriage of Rs. 3,000 was paid. These items are charged to purchase account and carriage account respectively. Make adjusting entries.
22. Write accounting entries when share premium is payable on allotment.

(2×8=16 Marks)

## SECTION – C

Answer any six questions. Each question carries 4 marks.

23. What are the functions of accounting ?
24. Pass adjusting entries for the following in the books of Jaykiran on 31<sup>st</sup> March, 2013.
- The Stock on 31<sup>st</sup> March, 2013 was of the value of Rs. 50,000.
  - Write off depreciation on Plant Rs. 20,000 and on Building Rs. 5,000.
  - Rs. 7,000 was received in advance for commission.
  - Rs. 8,000 for wages and Rs. 3,000 for stationary were outstanding.
  - Rs. 25,000 for income tax and Rs. 2,000 for insurance were paid in advance.
25. James and Vinod are partners sharing Profits and Losses in the ratio of 5 : 3. They decided to admit Ashik. James surrenders  $\frac{3}{8}$ <sup>th</sup> share of his profit and Vinod  $\frac{2}{8}$ <sup>th</sup> share of his profit in favour of Ashik. Calculate the new profit sharing ratio of all partners.
26. Ganguly, Dravid and Suchin are partners sharing profits and losses in the ratio of 5 : 3 : 2. Suchin retired. On the date of retirement, the adjusted capital of Ganguly, Dravid and Suchin were Rs. 50,000, Rs. 40,000 and Rs. 20,000 respectively. The total capital of the new firm is agreed at Rs. 90,000 between Ganguly and Dravid in the ratio of 5 : 3. Calculate the actual cash to be paid off or to be brought in by the continuing partners.
27. On 10<sup>th</sup> January 2009, X Ltd. Offers 8,000 equity shares of Rs. 10 each payable Rs. 3 on application, Rs. 2 on allotment, Rs. 3 on first call and balance Rs. 2 on second and final call. Applications are received for full 8,000 shares. The shares were duly allotted, calls made and money realized. You are required to pass necessary Journal Entries in the books of X Ltd.



28. Arpa Ltd. forfeited 100 shares of Rs. 10 each, Rs. 8 per share being called up, which were issued at a Discount of Rs. 1 per share for non-payment of first call of Rs. 3 per share. Of these forfeited shares, 80 were reissued subsequently by the company at Rs. 5, as Rs. 8 paid up per share. Give Journal Entries for the forfeiture and reissue of shares.
29. What is allotment of shares ? Explain the statutory restriction imposed on allotment of shares.
30. Explain the maximum managerial remuneration payable to different categories of managerial personnel.
31. Following are the balances extracted from the Trial Balance of a firm as on 31<sup>st</sup> December 2012.

Sundry debtors 50,000, Provision for bad debt – 5,000, Bad debt – 3,000.

Additional information

- a) Additional bad debt kept Rs. 3,000
- b) Keep provision for bad debt @ 10% on debtors.

You are required to pass the necessary Journal Entries and prepare provision for bad debt account and show how the different items will appear in the Final Accounts.

(4×6=24 Marks)

#### SECTION – D

Answer **any two** questions. **Each** question carries 15 marks.

32. Examine the accounting concept of “conservatism and materiality” and their significance in the preparation of Financial Statement.

33. The following is the Trial Balance of M/S Jeeva on 30<sup>th</sup> June 2013.

<b>Debit</b>	<b>Amount</b>	<b>Credit</b>	<b>Amount</b>
Drawings	15,735	Capital	1,86,000
Stock (1-7-2012)	17,280	Sundry creditors	18,900
Sundry debtors	43,500	Sales	2,96,340
Machinery	60,000	Purchase Return	1,500
Patents	22,500	Rent	27,000
Freehold Land	30,000		
Building	96,000		
Purchases	1,22,025		
Sales Return	2,040		
Cash at Bank	7,890		
Cash in hand	1,620		
Insurance	1,800		
General expenses	9,000		
Salaries	45,000		
Wages	25,440		
Factory fuel and power	14,190		
Carriage on Purchase	6,120		
Carriage on sale	9,600		
	<b>5,29,740</b>		<b>5,29,740</b>

The following adjustments are to be effected :

- Stock on 30<sup>th</sup> June 2013, Rs. 20,400.
- 5% of sundry debtors is to be written off as bad.
- Salaries for the month of June 2013 amounting to Rs. 4,500 were unpaid.
- Insurance includes a premium of Rs. 510 on policy expiring on

December 31<sup>st</sup> 2013.



- e) Rent Rs. 3,000 is accrued but not received.  
 f) Depreciate machinery @ 5% and patent @ 20%.

You are required to prepare Trading and Profit and Loss Account and the Balance Sheet as on 30<sup>th</sup> June 2013.

34. Laila and Shyla are partners in a firm. They share profit and losses in the ratio of 3 : 1. Their Balance Sheet is as follows.

Liabilities	Amount	Assets	Amount
Capital :		Building	1,50,000
Laila	1,20,000	Plant	37,500
Shyla	60,000	Stock	60,000
General Reserve	60,000	Debtors	1,05,000
Sundry Creditors	90,000	Cash	7,500
Bills Payables	30,000		
	<b>3,60,000</b>		<b>3,60,000</b>

Juliya is admitted into partnership for 1/5<sup>th</sup> share in the business on the following terms agreed :

- a) Building is to be appreciated by 20%  
 b) Plant is to be depreciated to 90%  
 c) Provision for doubtful debt is made at 5% on debtors  
 d) Stock is to be revalued at Rs. 45,000  
 e) Juliya should introduce 60% of adjusted capital of both Laila and Shyla.

Prepare necessary Ledger Accounts and the Balance Sheet of the newly constituted firm after the admission of Juliya.



35. Sonam Ltd. offers 10000 equity shares of Rs. 10 each to be public. The amount payable is as follow :

On application – Rs. 3 per share, On allotment – Rs. 2 per share, On first call – Rs. 3 per share and Rs. 2 on final call.

Applications are received for 15,000 shares. The directors decided to reject application of 3000 shares and their application money being refunded in full. Rest allotted on a *pro rata* basis. All calls were duly made and paid except :

- a) Mr. X, a holder of 100 shares paid the two calls with allotment.
- b) Mr. Y, a holder of 200 shares fails to pay the first and the second calls.
- c) Mr. Z, a holder of 100 shares fails to pay the second call.

Pass the necessary Journal Entries to record the above transactions in the Company's books and show how the capital will appear in the Company's Balance Sheet.

**(2×15=30 Marks)**

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