



Reg. No. :

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Name :

**First Semester B.B.A. Degree Examination, January 2014
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 consists of **four** bunches of questions of **four each**. **Each** bunch carries a weightage of **1**. Answer **all** questions.

I. Choose the appropriate answer from those given in brackets.

1) According to this concept, a business is treated as a separate entity distinct from its owner.

- | | |
|----------------------------|------------------------------|
| a) Going Concern concept | b) Accounting period concept |
| c) Business entity concept | d) Money measurement concept |

2) Assets =

- | | |
|--------------------------|--------------------------|
| a) Liabilities + Capital | b) Liabilities – Capital |
| c) Capital – Liabilities | d) Capital |

3) Bad debts recovered is

- | | | | |
|-----------|---------|---------|--------------|
| a) A gain | b) Loss | c) Debt | d) Liability |
|-----------|---------|---------|--------------|

4) Part of profits of the company, distributed to share holders is called as

- | | | | |
|-------------|---------------|--------------|-------------|
| a) Interest | b) Commission | c) Brokerage | d) Dividend |
|-------------|---------------|--------------|-------------|



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

5) When shares are issued at a price less than nominal value, it is called issue at _____

- a) Premium b) Par c) Discount d) Profit

6) Gaining ratio is equal to _____

- a) New ratio – Old ratio b) Old ratio – New ratio
c) New ratio + Old ratio d) Old ratio + New ratio

7) Equity share holders are the _____ of the company.

- a) Creditors b) Debtors c) Owners d) Partners

8) Credit purchase of goods are recorded in _____

- a) Sales Book b) Purchase Book
c) Purchase Account d) Purchase Returns Book

III. State whether the following statement are **true** or **false** :

9) Objective of accounting is to keep a permanent record of business transactions.

10) Capital is an income to the business.

11) Transactions are firstly entered in the Ledger.

12) Trial balance is an account.

IV. Match the following :

A

B

13) Sundry Creditors

a) Intangible asset

14) Goodwill

b) P & L Ac of Company

15) Schedule, VI – Part – I

c) Current Liability

16) Sacrificing ratio

d) Balance sheet of company

e) Admission of New Partner

(4×1=4 Weightage)

SECTION – B

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

- 17) Define Accounting.
- 18) What is Posting ?
- 19) What are closing entries ?
- 20) What is a Balance Sheet ?
- 21) Define Partnership deed.
- 22) Define underwriting.
- 23) What is a prospectus ?
- 24) What do you mean by Reserve Capital ?
- 25) What are calls in arrears ?
- 26) What is a convertible preference share ?
- 27) What is a current account ?
- 28) State any two conditions that are to be satisfied for the issue of shares at a discount. **(8×1=8 Weightage)**

SECTION – C

VI. Answer **any five** questions. **Each** question carries a weightage of **two**.

- 29) Briefly explain the various accounting concepts.
- 30) Distinguish between equity shares and preference shares.
- 31) Write notes on :
 - a) Pro-rata allotment.
 - b) Treatment of Goodwill on Retirement of partner.

32) Journalise the following transactions and post them in the ledger and balance the accounts as on 31 December, 2011.

December 1. Raju started business with cash as capital Rs. 50,000

2. He purchased furniture for Rs. 5,000

3. He bought goods on credit from Balu Rs. 8,000

10. He sold goods to Kelu for Rs. 5,000

15. He received cash from Kelu Rs. 3,000

20. He sold good for cash Rs. 3,000

25. He purchased goods for cash Rs. 5,000

31. He paid rent Rs. 1,000

31. He paid to Balu Rs. 8,000.

33) Pass Journal entries for the following and show the form of Profit and Loss Account and Balance Sheet with the adjustments.

January 1-2011 : Reserve for Doubtful debts stood at Rs. 1,500.

Bad debts during the year amounted to Rs. 500

Sundry debtors at the end of the year 31-12-2011 Rs. 14,000

Provision for Doubtful debts to be created 5 % of Sundry debtors.

34) A and B share profits and losses in the ratio of 3 : 2. They admit C with $\frac{1}{5}$ share who pays only Rs. 1,000 for premium out of his share of Rs. 2,500. Goodwill account appears in the books of the firm at Rs. 5,000. Give Journal entries under revaluation method :

a) If no goodwill should appear in the books

b) Goodwill should appear at Rs. 12,500/-.

- 35) Gama Ltd. issued 15,000 equity shares of Rs. 10 each, payable Rs. 2 on application, Rs. 2 on allotment and the balance on first and final call. Applications were received for 15,000 shares and duly allowed. All money due on allotment and call were received. Show Journal entries and opening balance sheet of the company.
- 36) The following balances have been extracted from the books of a limited company as on 31-3-2012.

	Rs.		Rs.
Equity share capital (Fully paid share of Rs. 100 each)	1,20,000	Current liabilities	99,700
Investments	63,000	Fixed Assets (Less Depreciation)	2,10,000
Loans and Advances	3,000	Provision for Taxation	45,000
Reserves and surplus	98,000	Secured loan	45,000
Current Assets	1,46,700	Unsecured loan	15,000

There is a contingent liability in respect of bills discounted Rs. 25,000.

Prepare the Balance Sheet of the company as on 31-3-2012 in the Horizontal form.

(5x2=10 Weightage)

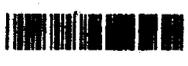


SECTION – D

Answer **any two** questions. **Each** question carries a weightage of **4**.

37) From the following Ledger A/c balances prepare Trading and Profit and Loss Account for the year ended 31 December, 2011 and Balance Sheet as on that date :

	Rs.		Rs.
Stock (1-1-2011)	45,000	Purchase returns	600
Purchase	1,51,200	Commission Received	3,300
Cash in hand	3,000	Interest on Investment	200
Cash at bank	23,000	Creditors	29,670
Buildings	38,600	Capital	1,24,000
Trade expenses	800	Discount received	4,600
Advertising	1,680	Sales	2,08,950
Postage	280		
Investments (1-1-2010) 4 %	4,000		
Debtors	36,000		
Wages	25,000		
Salaries	14,000		
Income Tax	1,600		
Discount allowed	6,300		
Office Furniture	3,050		
Bills receivable	3,200		
Insurance	4,000		
Sales returns	550		
Drawings	10,000		



Adjustments :

- a) Stock on 31-12-2011 Rs. 52,000.
- b) Wages outstanding Rs. 5,000, salaries outstanding Rs. 500.
- c) Insurance paid in advance for 2012 – Rs. 200.
- d) Write off depreciation on Building @ 5 % and on furniture @ 10 %.
- e) Charge interest on capital @ 5 % p.a. and Rs. 300 on drawings.

38) Shyam and Ram are partners in a firm sharing profits and losses in the ratio of 3 : 2. Their Balance Sheet as on 1-1-2012 was as follows :

	Rs.		Rs.
Sundry creditors	15,000	Plant and Machinery	30,000
Capital Account		Patents	10,000
Shyam	30,000	Stock	20,000
Ram	25,000	Debtors	18,000
General reserve	10,000	Cash	2,000
	80,000		80,000

Dasan is admitted as a partner on the above date on the following terms :

- a) He will pay Rs. 10,000 as good will for $\frac{1}{4}$ th share in the profits of the firm.
- b) The assets are to be revalued as under : Plant and Machinery at Rs. 32,000. Stock at Rs. 18,000. Debtors at book figure less a provision of 5 %.
- c) It was found that the creditors included a sum of Rs. 1,000, which was not to be paid. But it was also found that there was a liability for compensation to workers Rs. 2,000.
- d) Dasan was to introduce Rs. 20,000 as capital and the capital of the other partners were to be adjusted in the profit sharing ratio. For this purpose current accounts were to be opened.

Give Journal entries to record the above and show Balance Sheet after Dasan's admissions.



39) A Ltd. issued 10,000 equity shares of Rs. 10 each, payable Rs. 2.5 on application, Rs. 2.5 on allotment, Rs. 2.5 on first call and Rs. 2.5 on final call. All shares were subscribed.

One applicant to whom 400 shares were allotted paid in full white remitting the allotment money and another share holder to whom 800 shares were allotted failed to pay the second and final call money. The remaining Shareholders paid as and when the money became due.

The first call was made three months after the allotment and final call after three months of 1 call.

The company received the calls in arrears on the 800 shares, 3 months after the final call became due.

Pass Journal entries in the books of the company, assuming that the company adopts Table A as its articles. The company paid the interest due from it on the date of final call in cash.

(2×4=8 Weightage)
