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7204 – A

Reg. No. :

Name :

**First Semester B.B.A. Degree Examination, January 2015
(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. Define book keeping.
2. Expand IFRS.
3. What do you mean by Balance Sheet ?
4. Mention the adjusting entries for provision for discount on debtors.
5. List out any three types of partners.
6. What is a Joint Life Policy ?
7. Describe Bonus Issue.
8. What do you mean by surrender of shares ?
9. Explain authorised capital.
10. List out any two sources for declaring dividend.

(1×10=10 Marks)

SECTION – B

Answer **any eight** questions. **Each** question carries **2** marks.

11. Distinguish between accountancy and accounting.
12. Explain business entity concept.
13. Explain the accounting treatment of reserve for discount on creditors.
14. Goods which cost Rs. 10,000 were inventory on 1-4-2012. Purchases for the year ended 31st March 2013 amounted to Rs. 40,000 and the cost of inventory on that date was Rs. 15,000. The Gross Profit ratio was 20% on sales. Calculate sales value.

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15. Write a note on Garner Vs Murray rule.
16. X and Y are in partnership sharing profit in the ratio of 3:2 respectively. Z is admitted into the partnership. The new profit sharing ratio will be X 7, Y 4 and Z 1. Find out sacrificing ratio and share of incoming partner.
17. Explain the convention of materiality. Give examples.
18. Describe in detail the accounting convention which state rule 'anticipate no profit but provide for all possible losses'.
19. What is meant by sweat equity share ?
20. What do you mean by contingencies and events occurring after Balance Sheet date ?
21. If the profit of 2006, 2007, 2008 and 2009 are Rs. 25,000, Rs. 30,000 (Loss), Rs. 28,000 and Rs. 42,000 respectively. The goodwill is to be valued at 3 years of purchases of average profits. Calculate the value of goodwill.
22. Write accounting entries when share premium is payable on application. (2×8=16 Marks)

SECTION – C

Answer **any six** questions. **Each** question carries **4** marks.

23. Name the most important books of original entry kept by a trader. Explain their respective uses.
24. What do you mean by 'Grouping and Marshalling' used in connection with the Balance Sheet ? Illustrate with different forms of Marshalling.
25. Ajay and Vijay are partners sharing profit in the ratio of 5 : 4. They admit Sujay into partnership who acquires $\frac{1}{8}$ from Ajay and $\frac{1}{8}^{\text{th}}$ from Vijay. Calculate the new profit sharing ratio of all partners.
26. Sharook, Salman and Ameer are partners sharing profit and losses in the ratio of 5 : 3 : 2. Ameer retired. On the date of retirement, the adjusted capital of Sharook, Salman and Ameer were Rs. 2,00,000, Rs. 1,60,000 and Rs. 80,000 respectively. The total capital of the new firm is agreed at Rs. 3,60,000 between Sharook and Salman 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 25th January 2009, Z Ltd. Offers 32,000 equity shares of Rs. 10 each payable Rs. 3 on application, Rs. 2 on allotment, Rs. 3 on first call and balance on second and final call. Applications are received for full 32,000 shares. The shares were duly allotted, calls made and money realized. You are required to pass necessary journal entries in the books of Z Ltd.



- 28. Corona Ltd. forfeited 400 shares of Rs. 10 each, 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, 320 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. Define a Company. State its essential characteristics.
- 30. What is hidden goodwill ? How to calculate hidden goodwill ?
- 31. Mr. Vinay (a trader) lost goods worth Rs. 8,000 due to fire which was partly insured and insurance company admits claim for only Rs. 6,000. You are required to pass adjusting entries for this transaction and show how this item will appear in the final accounts of Vinay. (4×6=24 Marks)

SECTION – D

Answer any two questions. Each question carries 15 marks.

- 32. Give the meaning of Financial Accounting. State its scope.
- 33. Following are the balances in the ledger of Miss. Sheela for the year ended 31 March 2012.

Particulars	Amount	Particulars	Amount
Discount (Dr.)	1,250	Carriage inwards	5,100
Rent, rates and taxes	6,200	Printing and stationery	1,300
Purchase of raw materials	1,74,900	Sales	2,80,000
Factory wages	29,850	Opening stock of finished goods	31,900
Opening stock of raw materials	62,200	Carriage outwards	6,200
Advertisement	6,000	Miscellaneous Expenses	1,650
Interest paid	5,396	Fuel and Coal	5,600
Factory Power	11,450	Insurance (Fire)	880
Staff salaries	6,350	Electricity	1,150
Bad debt	3,040		

You are required to prepare Manufacturing, Trading and Profit and Loss Account for the year ended 31st March 2012 after taking into account the following information.

- a) Depreciation on plant and machinery Rs. 5,845 and furniture and fixtures Rs. 1,430.
- b) Expenses outstanding and payable are : salaries Rs. 550; Rent Rs. 450; Electricity Rs. 100 and Factory power Rs. 1,050.
- c) Stock as at 31-3-2012: Raw materials Rs. 23,450; Finished goods Rs. 76,150.
- d) Manager of Miss. Sheela is entitled to a commission of 10% of Net Profit calculated after charging such commission.
- e) 2% of the Net Profit is to be transferred to reserve fund.



34. Shiva, Jeeva and Snoopa are partners in a firm sharing profits and losses as $\frac{3}{6}$, $\frac{1}{6}$ and $\frac{2}{6}$ respectively. The Balance Sheet on 31st December 2012 was as follows.

Liabilities	Amount	Assets	Amount
Capital :		Freehold Premises	50,000
Shiva	25,000	Machinery	25,000
Jeeva	20,000	Furniture	2,500
Snoopa	35,000	Stock	22,500
General Reserve	12,000	Debtors	20,000
Sundry Creditors	20,500	Less : Provision	1,000
Bills payable	10,000	Cash in hand and at bank	3,500
	1,22,500		1,22,500

Snoopa retires from the business and the partners agree to the following revaluation.

- Freehold premises and Stock are to be appreciated by 20% and 15% respectively.
- Machinery and Furniture are to be depreciated by 10% and 7% respectively.
- Doubtful debt's provision is to be increased to Rs. 1,500.
- A goodwill account is to be raised at Rs. 21,000.

You are required to give effect to the above arrangements and show the partners capital accounts and also the Balance Sheet of Shiva and Jeeva on the above date, assuming that they write back the goodwill account. Amount due to Snoopa is paid by cash which is brought in by Shiva and Jeeva in their profit sharing ratio.

35. A Company offered for Public subscription 10,000 shares of Rs. 10 each at Rs. 11 per share. Money was payable as follows :

Rs. 3 on Application

Rs. 4 on Allotment

Rs. 4 on First and Final Call

Applications were received for 12,000 shares and the directors made *pro rata* allotment. A, an applicant for 120 shares, could not pay the allotment and call moneys. B, a holder of 200 shares, failed to pay the call. All these shares were later on forfeited. Out of the forfeited shares, 150 shares (the whole of A's shares being included) were issued at Rs. 9 per share. Pass journal entries for the above transactions.

(15x2=30 Marks)