



Reg. No. :

Name :

First Semester B.B.A. Degree Examination, December 2016
(Career Related First Degree Programme under CBCSS)
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 is a Manufacturing Account ?
2. What are current liabilities ?
3. Give the adjusting entry for prepaid expenses.
4. What is sacrificing ratio ?
5. What is Fluctuating Capital Method ?
6. Who is a sleeping partner ?
7. What is Revaluation Account ?
8. Define business entity concept.
9. What is reserve capital ?
10. What is revenue expenditure ? Give an example. (10×1=10 Marks)

SECTION – B

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

11. Explain 'Golden Rule of Accounting'.
12. Give two differences between revenue expenditure and capital expenditure.
13. Define *money measurement concept* and *going concern concept*.
14. Define the term Contingent liability with example.
15. A, B, C and D were in partnership sharing profits and losses in the ratio of 4 : 3 : 2 : 1. A retired. B, C and D share the future profits/losses equally. Calculate the Gaining Ratio.
16. How do you treat loss of stock by fire in final accounts ?
17. From the following information, find out the value of closing stock and cost of goods sold. Opening Stock – Rs. 10,000; Purchases – Rs. 1,00,000; Wages – Rs. 70,000; Sales – Rs. 2,00,000, percentage of Gross Profit – 20%.



18. Write the adjusting entries passed for the following :
- Salary outstanding Rs. 1,500.
 - Depreciation on plant and machinery Rs. 125.
19. B Ltd. issued 50,000 equity shares of Rs. 10 each to the public on the condition that full amount of shares will be paid in lump sum. All these shares were taken up and paid by the public. Pass Journal Entries in the books of the company when
- Shares are issued at a premium of 10%.
 - Shares are issued at a discount of 10%.
20. Explain 'forfeiture of shares' and 're-issue of forfeited shares'.
21. Distinguish between Trial Balance and Balance Sheet.
22. Explain 'Profit and Loss Appropriation A/c' in the context of partnership accounting.

(8×2=16 Marks)

SECTION – C

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

23. Distinguish between fixed capital and fluctuating capital.
24. Following are the extracts from the Trial Balance of Mr. Hari.

Trial Balance

	Dr.	Cr.
Sundry Debtors	Rs. 40,000	
Bad Debts	Rs. 5,000	
Provision for bad debts		Rs. 3,000

Adjustments :

- Provide additional bad debts Rs. 1,000
 - Create 5% provision for bad and doubtful debts. Show how the above will be shown in the final accounts.
25. What are the limitations of financial accounting ?
26. Explain the following :
- Convention of full disclosure.
 - Convention of materiality.
27. The directors of Z Company Ltd. Forfeit 10 shares of Rs. 50 each belonging to Karthik who had paid Rs. 5 per share on application, Rs. 10 on allotment and Rs. 15 on first call but failed to pay the final call of Rs. 20. The same shares are then reissued to Raj as fully paid on receipt of Rs. 400. Pass Journal Entries to record the forfeiture and reissue of shares.
28. Discuss the different types of Partners.
29. Write short notes on :
- Pro-rata Allotment
 - Calls -in-arrear.



30. State the characteristics of a Joint Stock Company.
31. Give the format of Balance Sheet of a Joint Stock Company as per Schedule VI Part 1 of Companies Act. (6×4=24 Marks)

SECTION – D

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

32. What is goodwill ? Discuss the various methods of treatment of goodwill on the retirement of a partner.
33. From the following Trial Balance, prepare Trading and P/L A/c for the year ending 31st December 2014 and Balance Sheet as on that date.

	Debit (Rs.)	Credit (Rs.)
Drawings	10,000	
Stock on 1-1-2014	46,000	
Purchases and Purchase Returns	1,50,200	600
Cash in Hand	3,400	
Bank Balance	22,660	
Freehold Premises	38,600	
Trade Expenses	840	
Printing and stationery	1,640	
Professional Charges	280	
Commission received		3,300
Investment as on 1 st January @ 10%	4,000	
Interest on Deposits		200
Sundry Debtors and Creditors	36,000	29,000
Wages	25,000	
Salaries	14,000	
Capital		1,14,000
Income tax	1,600	
Discount allowed and received	6,300	4,600
Sales Returns and Sales	550	2,08,950
Bills Receivable and Bills payable	3,200	10,000
Office Furniture	3,050	
Rent and Rates	4,000	
Bad debts provision		670
	3,71,320	3,71,320

Adjustments :

- Wages outstanding Rs. 5,000
- Write off 5% depreciation on freehold premises and 10% on office furniture.
- Insurance to the extent of Rs. 200 relates to 2015.



- d) Stock on 31-12-2014 Rs. 52,000.
- e) Charge interest on capital @ 5% and on drawings Rs. 300.
- f) Further bad debts are Rs. 1,000.
- g) Provide for doubtful debts @ 5% on sundry debtors.
- h) Make provision for discount on debtors and reserve for the discount on creditors @ 2%.

34. Ashok, Arun and Appu are partners who were sharing profits in the ratio of their capitals which stood as follows on 31-12-2014.

Liabilities	Amount	Assets	Amount
Sundry Creditors	7,400	Cash at Bank	6,000
Capitals :		Sundry Debtors	5,000
Ashok – 15,000		Less : Provision for	
Arun – 20,000		Doubtful debts	100
Appu – 10,000	45,000	Stock	8,000
		Plant and Machinery	8,500
		Land and Building	25,000
	52,400		52,400

Mr. Ashok retired and the following adjustments had been agreed upon.

- a) The stock be depreciated by 6%.
- b) Land and buildings be appreciated by 20%.
- c) Provision for doubtful debts be brought up to 5% on debtors.
- d) Provision of Rs. 770 be made in respect of o/s legal charges.
- e) Goodwill of the entire firm be Rs. 10,800 and Ashok's share of goodwill be adjusted into the accounts of the remaining partners. They were going to share in future in the ratio of 5/8 and 3/8 respectively. No goodwill account raised in the books.
- f) The entire capital of the new firm be Rs. 28,000 and the capitals of continuing partners be adjusted in proportion to their profit sharing ratio. The excess capital be withdrawn and shortage brought in cash.

Pass Journal Entries to give effect to the above. Prepare capital accounts of the partners and B/S of the firm after transferring the amount due to the partner to his Loan Account.

35. Ambani Ltd. issued 2,000 shares of Rs. 100 each at a premium of 10% payable as follows :

Rs. 25 on application, Rs. 35 on allotment (including premium), Rs. 20 on first call and Rs. 30 final call. 1,800 shares were applied for and allotted. All the money was received with the exception of first and final calls on 200 shares. These shares were forfeited. Give Journal Entries and prepare Balance Sheet.

(2×15=30 Marks)