



Reg. No. : .....

Name : .....

**First Semester B.B.A. Degree Examination, January 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** sentences. **Each** question carries **1** mark.

1. What is unearned income ?
2. What is depreciation ?
3. What is Capital Expenditure ?
4. What is GAAP ?
5. Give the adjusting entry for bad and doubtful debts.
6. What is Gaining ratio ?
7. What is Fictitious Assets ?
8. What is 'Authorised Capital' ?
9. What is *pro rata* allotment ?
10. What is Fixed Capital Account ?

**(10×1=10 Marks)**

**SECTION – B**

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

11. Explain double entry system of accounting and its merits.
12. What is a partnership deed ?
13. Discuss the different types of Partners.
14. How do you treat undistributed reserves/profit at the time of admission of a partner ?
15. Give two differences between revenue expenditure and capital expenditure.
16. What is 'Grouping and Marshalling' of Assets and Liabilities ?



17. What is forfeiture of shares ? Write journal entries passed in the books of the company on forfeiture of shares.
18. A, B and C were in partnership sharing profits and losses in the ratio of 3 : 2 : 1. C retired. Calculate the Gaining Ratio and the New Profit Sharing Ratio.
19. From the following information, prepare the Capital A/c of Mr. X.

	Rs.
a) Balance as on 1-1-2014	66,000
b) Drawings during the year	14,000
c) Profit earned during the year	18,000
d) Salary and commission	7,000
e) Interest on drawings	700

20. A and B agreed to start business as partners. A brought in Rs. 8,000 in cash and Rs. 32,000 in stock. B contributed Rs. 25,000 in cash and brought in his machinery at an agreed price of Rs. 15,000. Make necessary journal entries in the books of the firm to give effect to these transactions.
21. What is Deferred Revenue Expenditure ? How is it treated in final accounts ?
22. Define Bonus Share. What are the sources from which bonus shares can be issued ? (8x2=16 Marks)

### SECTION – C

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

23. Prepare Profit and Loss Appropriation A/c for the year ended 31-12-2014.

	Rs.
Net profit as per P & L A/c	18,000
Interest on capital :	
X – Rs. 800	
Y – Rs. <u>700</u>	1,500
Salary Payable to X	2,000
Commission payable to Y	1,000
Profit sharing ratio between X and Y is 2 : 1.	

24. State the difference between issue of shares at 'discount' and at 'premium'.
25. 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%.



26. Pass the necessary adjusting entries for the following :
- Interest on bank deposit accrued but not received Rs. 50.
  - Rent paid in advance Rs. 250.
  - Make a provision of Rs. 1,200 for bad and doubtful debts.
  - Make a provision of 2% discount on debtors. Debtors amounted to Rs. 10,000.
27. Metro Ltd. invited applications for 20,000 shares of Rs. 100 each payable :  
Rs. 25 on application  
Rs. 35 on allotment  
Rs. 40 on First and Final Call  
25,000 shares were applied for. The directors accepted applications for 20,000 shares and rejected the remaining applications. All moneys due were fully received. Give journal entries in the books of the company.
28. 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.
29. What is Profit and Loss Appropriation Account in partnership accounting ?
30. Distinguish between Trial Balance and a Balance Sheet.
31. Explain 'Golden Rule of Accounting'. (6×4=24 Marks)

#### SECTION – D

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

32. A and B were in partnership sharing profits and losses in the ratio of 3 : 2. Their B/S as on 30-6-2013 was :

<b>Balance Sheet as on 30-6-2013</b>			
<b>Liabilities</b>	<b>Amount</b>	<b>Assets</b>	<b>Amount</b>
Sundry Creditors	30,000	Cash at Bank	7,500
Capital Accounts :		Debtors	25,000
A – 60,000		Less : Reserve	<u>2500</u>
B – 40,000	1,00,000	Stock	20,000
		Plant and Machinery	40,000
		Land and Buildings	30,000
		Furniture	10,000
	<b>1,30,000</b>		<b>1,30,000</b>



They want to take C in to partnership. The following adjustments are to be incorporated :

- a) C pays Rs. 30,000 as his capital for 1/5<sup>th</sup> share in the business.
- b) The value of plant and machinery should be increased by 20% whereas the value of Land and Buildings should be reduced to Rs. 25,000.
- c) Certain investments amounting to Rs. 8,000 (not included in the above B/S) should be brought in to account.
- d) The provision for doubtful debts should be increased to Rs. 5,000.
- e) An item of Rs. 1,000 included in Sundry Creditors is not likely to be claimed.

Give necessary journal entries to incorporate the above arrangements and prepare Revaluation A/c, Partner's Capital A/c and the revised B/S.

33. The following is the Trial Balance of Ram Kumar as on 31-12-2014 :

Debit Balances	Rs.	Credit Balances	Rs.
Purchases (adjusted)	34,96,000	Capital	2,00,000
Bank	7,500	Bills payable	50,000
Salaries	21,000	Sales	36,00,000
Carriage on sales	2,500	Loan	1,00,000
Carriage on purchases	2,000	Sundry creditors	1,00,000
Lighting	1,500	Discount	2,000
Building	1,35,000	Commission	500
Rates and taxes	2,000		
Sundry debtors	40,000		
Furniture	30,000		
Cash in hand	1,250		
Bills receivable	7,500		
Stock 31-12-14	3,06,250		

Rates have been prepaid to the extent of Rs. 600. During the year bad debts amounted to Rs. 2,500. 5% provision has to be made on debtors. Depreciate building @ 2%, furniture @ 10%. Prepare Trading and Profit and Loss A/c and B/S as on 31-12-2014.

34. What are the different methods of treatment of goodwill when a new partner is admitted ?

35. In January 2014 Green Ltd. Issued 2,000 shares of Rs. 100 each at a discount of 5%. The issue was fully subscribed by paying Rs. 20 per share on application, Rs. 25 on allotment (with adjustment of discount), Rs. 20 on first call and Rs. 30 on final call. All the calls were made and received with an exception of final call on 200 shares.

Pass journal entries to record the above and show the resultant Balance Sheet.

**(2x15=30 Marks)**