



Reg. No. :

Name :

**Third Semester B.Com. LL.B. (Five Year Integrated) Degree
Examination, May 2017
Paper – II : FINANCIAL ACCOUNTING**

Time : 3 Hours

Max. Marks : 80

I. Answer **any five** of the following. **Each** question carries 2 marks. **(5×2=10 Marks)**

- 1) Explain the principle of conservatism.
- 2) What do you mean by Revenue Expenditure ?
- 3) What is a Trading Account ?
- 4) What is Sectional Balancing ?
- 5) What do you mean by Double Entry System of Accounting ?
- 6) What do you mean by Trial Balance ?
- 7) What is Closing Stock ?

II. Answer **any four** of the following. **Each** question carries 4 marks. **(4×4=16 Marks)**

- 1) State any four limitations of accounting.
- 2) What is Consignment ?
- 3) What is Self Balancing ? What are the advantages of Self Balancing System ?
- 4) Write the format of Total Debtors Account.
- 5) What do you mean by Grouping and Marshalling of Assets and Liabilities ?

III. Answer **any four** of the following. **Each** question carries 6 marks. **(4×6=24 Marks)**

- 1) Sharma commenced business on 1st January 2011 with a capital of Rs. 25,000 in which Rs. 20,000 brought in cash and the balance in the form of machinery. On 1st October 2011 he introduced Rs. 10,000 into the business of which Rs. 6,000 was borrowed from his wife. During the year, he withdrew at the rate of Rs. 500 per month. His position on 31st December 2011 was as follows :

Assets :

Stock of goods Rs. 12,500, Sundry debtors Rs. 10,500, Machinery Rs. 6,000, Cash at Bank Rs. 3,000, Cash in hand Rs. 500, Bills Receivable Rs. 3,800 and Furniture Rs. 10,000.

Liabilities :

Sundry Creditors Rs. 8,500, Loan from wife Rs. 6,000, Bills Payable Rs. 1,500. Ascertain his profit for the year ending 31st December 2011.



2) From the following information, calculate total sales made during the year 2010.

Debtors (1-1-2010)	16,975	Bad Debts written off	2,250
Debtors (31-12-2010)	14,960	Sales returns	4,050
Cash received from debtors	51,200	Cash sales	13,500
Discount allowed	2,100	Bills receivable	5,300

3) The under mentioned particulars have been extracted from the books of X, who keeps only one Sales Ledger. You are required to prepare the Sales Ledger Adjustment Account in General Ledger as on December 31, 2011.

Debtors Balance (30-06-2011)	28,395	Acceptance received from Debtors	4,210
Transactions for the half year to date :		Acceptance returned dishonoured	550
Sales to Debtors	58,422	Bad debts written off	542
Returns from Debtors	692	Sundry charges debited to debtors	29
Cash received from debtors	41,345	Discount allowed to debtors	1,505

4) What do you mean by Single Entry System of Accounting ? How will you ascertain profit under Single Entry System ?

5) Prepare a trading account of a trader for the year ending 31st March 2011 from the following data.

Stock on 01-04-2010	2,40,000	Sales returns during the year	10,000
Cash purchase for the year	2,08,000	Freight	10,000
Credit purchase for the year	4,00,000	Carriage	2,000
Cash sales for the year	3,50,000	Import duty	8,000
Credit sales for the year	6,13,500	Clearing charges	12,000
Purchase returns	8,000	Stock on 31-3-2011	1,20,000

IV. Answer **any three** of the following. **Each** question carries **10** marks. **(3x10=30 Marks)**

- 1) Differentiate between Receipts and Payments Account and Income and Expenditure Account.
- 2) From the following Trial Balance prepare Trading and Profit and Loss Account for the year ended 31st March 2011 and a Balance Sheet as on that date.

Particulars	Debit	Credit
Capital Account		36,000
Drawings	12,000	
Stock 1 st April 2010	30,000	
Trade Expenses	775	
Salaries	5,700	



Advertising	420	
Discount	550	
Bad Debts	350	
Business premises	6,000	
Furniture and Fixtures	5,600	
Cash in hand	1,130	
Purchase returns		2,400
Purchase	74,000	
Sales returns	1,700	
Sales		1,23,000
Wages	3,500	
Conveyance charges	600	
Rent and rates	1,860	
Insurance	1,000	
Interest	215	
Plant and Machinery	9,000	
Sundry debtors	47,000	
Bank OD		12,000
Sundry creditors		28,000
Total	2,01,400	2,01,400

Adjustments :

- a) Stock on 31st March 2011 is valued at 46,000.
 - b) Rent and wages outstanding 300 and 200 respectively.
 - c) Insurance prepaid to the extent of Rs. 250.
 - d) Write off Rs. 500 as further bad debts.
 - e) Provide for doubtful debts @ 5% on sundry debtors.
 - f) Make a provision for discount on debtor and discount on creditors at 2%.
 - g) Depreciate premises at 3%, Plant and Machinery at 10% and Furniture and Fixture by 5%.
- 3) From the Trial Balance and other information of a school, prepare income and expenditure account for the year ended 31st March 2010 and Balance Sheet as on that date :

Particulars	Debit	Credit
Land and Building	6,00,000	
Library Books	1,40,000	
Admission Fees		12,800



Creditors for supplies		16,000
Furniture	1,20,000	
Investments @ 10%	6,00,000	
Salaries	4,90,000	
Printing and Stationery	42,000	
Tuition fees received		5,80,000
General expenses	17,000	
Rent for the Auditorium		12,000
General Fund		10,50,000
Grant from Central Government		3,80,000
Sports Expenses	14,000	
Ground	1,00,000	
Miscellaneous receipts		26,000
Sale of old furniture (1-4-2009)		26,800
Donation for library books		64,000
Cash in hand	4,600	
Cash at Bank	40,000	
	21,67,600	21,67,600

Additional Information :

- a) Tuition fees outstanding Rs. 18,600.
 - b) Salaries Outstanding Rs. 25,000
 - c) Rent for the auditorium yet to be received Rs. 4,000
 - d) Furniture costing Rs. 30,000 was purchased on 1st July 2009.
 - e) The book value of furniture sold was Rs. 40,000 on 1 April 2009.
 - f) Depreciate furniture by 10% p.a., 15% p.a. on library books and 5% p.a. on land and building.
- 4) On January 1, 2011 Universal Sports, Delhi consigned 180 cases of sports goods costing Rs. 360 each to Gemini Sports, Bombay. They paid Rs. 360 for insurance and Rs. 1,800 for freight. Gemini Sports are entitled to a commission of 10% on gross sales.
- Gemini Sports received the consignment on January 15 and sent a 60 days bill for Rs. 10,000 to Universal Sports. The bill was discounted for Rs. 9,900.
- On opening the cases the consignee found 10 cases of wrong description and returned them, paying return freight of Rs. 400.
- Gemini Sports sold 120 cases @ Rs. 600 each for cash and 20 cases @ Rs. 700 each on credit. Gemini Sports spent Rs. 720 on clearing charges and Rs. 600 on carriage outwards. They incurred bad debts amounting to Rs. 400. The accounts were settled on June 30 and the balance remitted by cheque. Show necessary ledger accounts in the books of Universal Sports, Delhi.