



Reg. No. :

Name :

Third Semester Integrated B.B.A. LL.B. (5 Year)
Degree Examination, April 2016
Paper – II : FINANCIAL ACCOUNTING

Time : 3 Hours

Max. Marks : 80

I. Explain **any five** of the following in **not more than 60 words**. **Each** question carries **2 marks**.

- 1) Accounting cycle.
- 2) Debtor.
- 3) Single entry system.
- 4) Business entity concept.
- 5) Fixed capital account.
- 6) Cumulative preference share capital.
7. Final dividend.

(5×2 = 10 Marks)

II. Answer **any four** questions. **Each** question carries **4 marks**.

- 1) Differentiate between shares and stock.
- 2) State any four uses of financial statements.
- 3) What do you mean by contingent liabilities ? Give four examples of such liabilities.
- 4) Nachu Ltd. issued 5000 shares of Rs. 10 each at a premium of Rs. 2 payable as Rs. 3 on application, Rs. 4 on allotment (incl. premium), Rs. 3 on first call and Rs. 2 on final call. Mr. Raju was allotted 50 shares and who failed to pay allotment money and first call. Give journal entries for the forfeiture of shares.
- 5) Rohit and Mohit are partners in a firm sharing profits in the ratio of 5:3. They admit Bijoy as a new partner for 1/7 share in the profit. The new profit sharing ratio will be 4:2:1. Calculate the sacrificing ratio of Rohit and Mohit.
- 6) If the opening capital is Rs. 50,000 as on April 01, 2013 and additional capital introduced Rs. 10,000 on January 01, 2014. Interest charge on capital 10% p.a. What is the amount of interest on capital shown in profit and loss account as on March 31, 2014 ?

(4×4 = 16 Marks)



III. Answer **any four** questions. **Each** question carries **6** marks.

- 1) Give the purposes for which Securities Premium Account may be applied by the company ?
- 2) What are the different kinds of partners ? Explain any four briefly.
- 3) Distinguish between cash system and Mercantile system of accounting.
- 4) X and Y are partners sharing profits and losses in the ratio 3:2. They admit Z as partner, who is unable to bring goodwill in cash but Rs. 3,00,000 as capital. The goodwill of the firm is to be valued at two year's purchase of three year's profits. The profits for the three years were Rs. 1,50,000, Rs. 1,20,000 and Rs. 1,35,000. The new ratio will be 5:2:2. Make journal entries.
- 5) Prepare Trading Account for the year ending 31st March 2014 from the following information.

Opening stock	Rs. 1,70,000	Purchases return	Rs. 10,000
Sales	Rs. 2,50,000	Wages	Rs. 50,000
Sales return	Rs. 20,000	Purchases	Rs. 1,00,000
Carriage inward	Rs. 20,000	Closing stock	Rs. 1,60,000

- 6) A Ltd. Issued 5000 shares of Rs. 10 each at a premium of Rs. 5 per share. The amount was payable as Rs. 3 on application, Rs. 7 on allotment (incl. premium) and the balance on first and final call. All shares were subscribed and money duly received. Show the journal entries. **(4×6 = 24 Marks)**

IV. Answer **any three** questions. **Each** question carries **10** marks.

- 1) Explain in detail the Accounting Principles with suitable illustrations.
- 2) From the following Trail Balance of Mr. Mehrotra as on 31/3/2014. Prepare Trading and Profit and Loss A/c and the Balance Sheet as on that date.

Particulars	Rs.	Particulars	Rs.
Drawings	50,000	Capital	7,00,000
Plant	3,00,000	Creditors	80,000
Debtors	1,80,000	Returns	24,000
Returns	20,000	Discount	8,000
Discount	10,000	Provision for doubtful debts	24,000
Commission	16,000	Sales	9,60,000



Interest on Bank loan	44,000	10% Bank loan (as on	
Furniture	68,000	31/03/2013)	4,40,000
Wages	96,000		
Salaries	1,20,000		
Advertisement	54,000		
Purchases	4,80,000		
Stock (31/03/2013)	1,00,000		
Carriage inwards	24,000		
Land and building	6,00,000		
Cash	74,000		
	22,36,000		22,36,000

Additional Information :

- a) Closing stock, Rs. 92,000.
- b) Wages and salaries were outstanding Rs. 10,000 and Rs. 8,000 respectively as on 31/03/2014.
- c) Depreciate Plant : Land and Building : and Furniture at 15%, 2.5% and 15% respectively.
- d) Provide for doubtful debts at 10% on debtors.

3. C, D and E were partners sharing profits in the proportion of 3:2:1 respectively. The Balance Sheet of the firm on 31/3/2014 was as follows :

	Rs.		Rs.
Sundry Creditors	19,000	Cash at bank	2,500
Bills payable	5,000	Debtors	16,000
Reserve	12,000	Less : provision	
Capital Accounts		for bad debts	<u>500</u>
C - 40,000		Stock	25,000
D - 30,000		Furniture	8,000
<u>E - 25,000</u>	95,000	Plant and Machinery	35,000
		Factory buildings	45,000
	1,31,000		1,31,000



D retires on that date subject to the following conditions :

- a) The goodwill of the firm to be valued at Rs. 18,000
- b) Plant to be depreciated by 10% and furniture by 15%.
- c) Stock to appreciate by 20% and building by 10%.
- d) Provision for bad debts to be increased by Rs. 1,950.
- e) Liability for workmen's compensation to the extent of Rs. 1,650 is to be brought in to account.

It was agreed that C and E will share profits in future in the ratio of 3 :2. Prepare Revaluation Account, Capital Accounts and Balance Sheet.

4. A company invited the public to subscribe for 1,00,000 Equity shares of Rs. 10 each at a premium of Re. 1 per share payable on allotment. Payment were to be as follows :

On application Rs. 3

On allotment Rs. 3

On first call Rs. 3 and

On final call Rs. 2

Applications were received for 1,30,000 shares. Applications for 20,000 shares were rejected and allotment was made proportionately to the remaining applicants. Both the calls were made and all moneys were received except the final call on 3,000 shares which were forfeited after due notice. Later 2000 of the forfeited shares were issued as fully paid at Rs. 8.50/share. Pass journal entries.

(3×10 = 30 Marks)