



Reg. No. :

Name :

**Third Semester B.B.A. LL.B. (Five Year Integrated) Degree
Examination, May 2017**

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) Balance Sheet
- 2) Interest accrued
- 3) Revaluation account
- 4) Forfeiture of shares
- 5) Gaining ratio
- 6) Goodwill
- 7) Depreciation.

(5×2=10 Marks)

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

- 1) Distinguish between Trial Balance and Balance Sheet.
- 2) What is the purpose of preparing P/L Appropriation Account ?
- 3) X and Y were partners sharing profits in the ratio of 3 : 2. They admit Z as a new partner. Z is given $\frac{1}{4}$ th share in profit. Find out the new profit sharing ratio.
- 4) Explain types of goodwill.
- 5) Differentiate between public and private company.
- 6) S & S Company Ltd., made up public issue of 10000 equity shares of Rs. 50 each and 10000 preference shares of Rs. 100 each payable as follows :

	Equity shares	Preference shares
On application	Rs. 10	Rs. 25
On allotment	Rs. 10	Rs. 25
On first call	Rs. 10	Rs. 30
On final call	Rs. 20	Rs. 20

Show Journal entries in the books of the company.

(4×4=16 Marks)



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

- 1) Distinguish between fixed capital and fluctuating capital.
- 2) Name the three key financial statements and briefly describe each.
- 3) The average profit of the firm is Rs. 2,00,000. The total tangible assets are Rs. 20,00,000 and outside liabilities are Rs. 4,00,000. The rate of return earned by other similar firms in industry is 10%. Calculate the value of goodwill by capitalization of super profit method.
- 4) The balances extracted from the books of Sankar are given below. From the following prepare Trial Balance on 31st March, 2013.

	Rs.		Rs.
Sankar's Capital	30,000	Sundry Creditors	4,000
Sales	30,000	Cash in hand	1,800
Purchases	20,000	Cash in Bank	6,000
Interest (Dr.)	400	Bills Receivables	11,000
Sales returns	1,000	Bills payable	7,000
Purchases Returns	800	Discount earned	800
Sundry Debtors	15,000	Wages	7,000
Commission (Dr.)	1,000	Rent	800
Plant and Machinery	8,000	Telephone charges	1,000
Misc. Income	400		

- 5) What are various important adjustments required when admitting new partner ?
- 6) On 1st January, 2013 Nilesh lent Rs. 5,000 @ 6% per annum. Interest is receivable on 31st December each year. The accounts are closed on 30th June every year. Give journal entries on 30th June, 2013 and 1st July, 2013 and show the Ledger, Profit and Loss Account and Balance Sheet on 30th June, 2013.

(4×6=24 Marks)



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

1) From the following Trial Balance extracted from the books of Thiru.

Venkatachalam as on 31-12-2013. Prepare

- i) Trading and Profit and Loss A/c and
- ii) Balance Sheet.

Trial Balance as on 31-12-2013

Debit Balances	Rs.	Credit Balances	Rs.
Cash in hand	2,000	Capital	2,00,000
Machinery	60,000	Sales	2,54,800
Stock	50,000	Sundry creditors	40,000
Bills receivable	1,600	Bank overdraft	22,000
Sundry debtors	50,000	Return outwards	3,000
Wages	70,000	Discount received	1,800
Land	40,000	Bills payable	1,800
Carriage inwards	2,400		
Purchases	1,80,000		
Salaries	24,000		
Rent	4,000		
Postage	1,000		
Return inwards	3,200		
Drawings	10,000		
Furniture	18,000		
Interest	600		
Cash at Bank	6,600		
	5,23,400		5,23,400

Stock as on 31-12-2013 to Rs. 1,00,000.

- 2) Define accounting. Explain its principles.
- 3) Write down the classifications of assets and liabilities.



4) A, B and C are partners sharing profits and losses in the ratio of 3 : 2 : 1. Their Balance Sheet on 31-12-2011 was as follows :

Liabilities		Rs.	Assets	Rs.
Capital Accounts	A	45,000	Cash at Bank	3,500
	B	35,000	Debtors	30,000
	C	25,000	Stock	25,000
Reserve		15,000	Plant	40,000
Profit and Loss A/c		12,000	Building	50,000
Creditors		20,500	Furniture	4,000
		1,52,500		1,52,500

C retires on that date subject to the following conditions :

- a) Goodwill of the firm to be valued at Rs. 72,000.
- b) Buildings to be appreciated by 10%.
- c) Plant and furniture depreciated by 5% and 7.5% respectively.
- d) Provision is to be made for doubtful debts at 5%.

A and B are to bring in cash if necessary, in their profit showing ratio to pay off C's due on retirement and leave a sum of Rs. 5,000 as working capital.

Prepare Revaluation account, Partner's Capital Account. **(3x10=30 Marks)**

	4,000	
	1,000	
	3,200	
	10,000	
	18,000	
	800	
	8,600	
	2,33,400	
	2,33,400	

(c) Write down the classification of assets and liabilities.