

Reg. No. : .....

Name : .....

**Third Semester B.B.A.LL.B. (Five Year Integrated) Degree Examination,  
October 2022.**

**Paper II – FINANCIAL ACCOUNTING**

**(2013 Admission Onwards)**

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. Capital Account.
2. Drawings.
3. Calls in arrear.
4. Sweat Equity Shares.
5. Forfeiture of shares.
6. Deferred Revenue Expenditure.
7. Provision for doubtful debts.

**(5 × 2 = 10 Marks)**

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

1. What are the characteristics of partnership?
2. Explain the method of valuation of goodwill under super profit method.
3. What do you mean by over subscription?
4. Write a note about re-issue of shares?

P.T.O.

5. Gopan has a capital balance of ₹40,000 at the beginning of the year. In the middle of the year he withdrew ₹15,000/-. He is entitled to interest @ 10% per annum. Calculate interest on capital.
6. X and Y are partners sharing profits and losses in the ratio of 5:3. They admit Z for  $\frac{1}{4}$ <sup>th</sup> share which he requires from X and Y equally. i.e.  $\frac{1}{8}$ <sup>th</sup> from X and  $\frac{1}{8}$ <sup>th</sup> from Y. Calculate new profit sharing ratio.

(4 × 4 = 16 Marks)

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

1. MN Ltd. issued 40,000 equity shares of ₹100 each payable as follows.  
₹25 on application, ₹35 on allotment and ₹40 on first and final call.

Applications were received ₹ 37,000 shares. As the minimum subscription requirement has been fulfilled, the Board of Directors allotted shares and all sums due on allotment and call were received in time. Journalize the transactions.

2. A and B are in partnership sharing profits and losses in the ratio of 5:3. They decided to change their profit sharing ratio 3:2. The capitals of A and B after necessary adjustments showed a balance of ₹50,000 and ₹30,000 respectively.

They also decided to fix their capitals in their new profit sharing ratio. Pass necessary journal entries.

3. Following are the some of the ledger balances prepare profits and loss account of Mr. Balu for the year ended 31<sup>st</sup> Dec. 2019 Salaries ₹34,000/-, Commission received ₹1,800, discount allowed ₹1,800/-, discount received ₹2,850/-, Advertising ₹3,650/-, general expenses ₹1450/-, Rent Paid ₹4,500/-, cash in hand ₹1,900/-, Cash at bank ₹2,950/-, Machinery ₹80,000/-, Capital Account ₹1,50,000/-, Drawings A/c ₹2,400/-, Gross Profit ₹79,500/-

4. Explain the need and objectives of preparing of profit and loss account.
5. Write a note about fluctuating capital account.
6. What are the important points taken into account while admission of a partner?

(4 × 6 = 24 Marks)

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

1. Explain the methods of new issue of shares.
2. Define partnership. Explain the contents of partnership deed.
3. A and B are partners in a firm sharing profits and losses in a firm in the ratio of 3:2. The balance sheet of A and B was as follows.

Liabilities		Assets	
Sundry Creditors	12,900	Building	26,000
Bills payable	4,100	Furniture	5,800
Bank overdraft	9,000	Stock-in trade	21,400
Capital A/c		Debtors	35,000
A	4,4000	Less Provision	200
B	36,000		34,800
	80,000	Investment	2,500
		Cash	15,500
	1,06,000		1,06,000

C was admitted to the firm on the following terms:

- (a) He has to introduce a capital of ₹2,50,000 for 1/6<sup>th</sup> share in future profit.
- (b) New profit sharing ratio of A, B and C will be 3:2:1 respectively.
- (c) C's brings in his share of goodwill in cash. Goodwill is calculated on the basis of C's share in profits and his capital contribution.
- (d) Furniture is to be written down by ₹870 and stock to be depreciated by 5%.  
A provision is required for bad debts at 5% on debtors. Building has appreciated upto ₹29,200. value of investment is increased by ₹450.
- (e) The creditors included in a sum of ₹1,400 which is not to be paid off.

Prepare the following:

- (i) Revaluation account (ii) Capital accounts and (iii) Balance sheet.

4. From the following Trial Balance. Prepare trading and Profit and Loss Account for the year 31<sup>st</sup> March 2019 and a Balance sheet on that date.

Capital Account	36,000
Drawings	12,000
Stock on 1 <sup>st</sup> April 2018	30,000
Trade expenses	775

Salaries	5,700	
Advertising	420	
Discount	550	
Bad debt	350	
Business premises	6,000	
Furniture and fixtures	5,600	
Cash in hand	2,830	
Purchase returns		2,400
Purchase	74,000	
Sales returns		1,23,000
Sales	3,500	
Wages	600	
Conveyance charges	1,860	
Rent and rates	1,000	
Interest	215	
Plant and Machinery	9,000	
Sundry debtors	47,000	
Bank overdraft		12,000
Sundry creditors		28,000
	<u>2,01,400</u>	<u>2,01,400</u>

#### Adjustments

- Stock on 31<sup>st</sup> March 2014 is valued at ₹46,600.
- Rent and wages outstanding ₹300 and ₹200 respectively.
- Insurance prepaid to the extent of ₹250
- Write off ₹500 as further bad debts.
- Provide for doubtful debts at 5% on Sundry debtors.
- Make provision for doubtful debts at 5% on sundry debtors.
- Depreciate premises at 3%, plant and machinery at 10% and furniture and fixtures by 5%.

(3 × 10 = 30 Marks)