



0232

Second Semester 5 Year B.B.A. LL.B. Examination, December 2014
FINANCIAL ACCOUNTING

Duration : 3 Hours

Max. Marks : 100

- Instructions:**
- Answer Q.No. 9 and **any five** of the remaining questions.
 - Q. No. 9 carries **20** marks and remaining questions carry **16** marks each.
 - Answers should be written in **English**.
 - Use simple calculator.

Marks : 4×16=64

Q. No. 1. What is double entry accounting system ? What are its advantages and disadvantages ?

Q. No. 2. Define accounting. Explain objectives and functions of accounting.

Q. No. 3. Journalise the following transactions in the books of Mahesh Kumar.
2014

Jan. 1 Commenced business with

| | |
|------------------------------|----------|
| Cash | ₹ 50,000 |
| Goods | ₹ 40,000 |
| Furniture | ₹ 10,000 |
| Jan. 3 Paid into Bank | ₹ 10,000 |
| Jan. 5 Bought goods for cash | ₹ 6,000 |
| Jan. 8 Sold goods to Kiran | ₹ 2,000 |
| Jan. 10 Purchased furniture | ₹ 3,000 |

Jan. 18 Received cash from Kiran on account ₹ 2,000

P.T.O.



| | | |
|---------|---------------------------------|----------|
| Jan. 20 | Purchased goods from Vinay | ₹ 10,000 |
| Jan. 22 | Returned goods to Vinay | ₹ 500 |
| Jan. 25 | Drew from Bank for personal use | ₹ 1,000 |
| Jan. 27 | Purchased stationery | ₹ 200 |
| Jan. 28 | Cash purchase | ₹ 5,000 |
| Jan. 30 | Paid office rent by cheque | ₹ 3,000 |

Q.No. 4. From the following transactions prepare Mohan's Account in the Ledger of Rakesh and Rakesh's A/c in the Ledger of Mohan.

- Jan. 1 Opening debit balance brought forward in the ledger of Rakesh ₹ 15,000
- Jan. 5 Rakesh sold goods to Mohan on credit ₹ 1,000
- Jan. 8 Mohan sold Furniture to Rakesh on credit ₹ 8,000
- Jan. 15 Rakesh purchased goods from Mohan on credit ₹ 5,000
- Jan. 20 Mohan paid by cheque to Rakesh ₹ 12,500
- Jan. 25 Mohan sold goods to Rakesh for cash ₹ 7,000.
- Jan. 28 Rakesh paid cash to Mohan ₹ 2,000

Q.No. 5. Record the following transactions of Bhuvan in a Cash Book with three columns.

- March 1 Cash Balance ₹ 400
- March 2 Cash received by sale of shares ₹ 24,000
- March 3 Paid into Bank ₹ 20,000
- March 6 Paid Joseph by cheque ₹ 4,800 and discount allowed by him ₹ 200

March 10 Paid cheque of Girish in to Bank ₹ 3,820



- March-16 Cash purchase ₹ 2,400
- March 20 Paid for stationary ₹ 500
- March 22 Drew from bank for office use ₹ 1,200
- March 24 Cash sales ₹ 800
- March 25 Received from Ravi ₹ 6,300 and allowed him discount ₹ 200
- March 25 Cash paid into Bank ₹ 800
- March 26 Issued cheque for purchase ₹ 800
- March 27 Drew by cheque for personal use ₹ 400
- March 28 Paid salary ₹ 1,000
- March 31 Received cheque from Sameer and paid into Bank ₹ 800

Q.No. 6. From the following Ledger balances of Sri Suresh for the year ending 31st March 2014 prepare the Trading Account, Profit and Loss account and Balance Sheet effecting all the adjustments given below.

| | | |
|------------------------------|--------|----------|
| Capital | - | 30,000 |
| Drawings | 2,500 | - |
| Reserve | - | 2,000 |
| Sundry Debtors and Creditors | 40,000 | 25,000 |
| Purchases and Sales | 75,000 | 1,35,000 |
| Stock | 30,000 | - |
| Returns | 3,000 | 2,000 |
| Commission | - | 1,000 |
| Bills payable | - | 10,000 |
| Advertisement | 1,000 | - |
| Bad debts | 300 | - |



| | | |
|------------------|-----------------|-----------------|
| Rent | 800 | — |
| Premises | 25,000 | — |
| Furniture | 5,000 | — |
| Govt. Securities | 10,000 | — |
| Cash at Bank | 4,900 | — |
| Total | 2,05,000 | 2,05,000 |

Adjustments :

- i) Stock on 31-3-2014 ₹ 20,000
- ii) Interest at 5% on Govt. Securities earned but not received.
- iii) Depreciate premises at 2% and furniture at 10%
- iv) Salaries outstanding ₹ 500
- v) Make provision for doubtful debts at 2%

The following is the Receipts and Payments Account of KRC Sports Clubs for the year ending 2014 Dec. 31.

| Receipts | ₹ | Payments | ₹ |
|------------------------|--------|---------------------|--------|
| To Cash on hand 1-1-14 | 120 | By Rent and Taxes | 8,610 |
| To Cash at Bank 1-1-14 | 14,000 | By Salaries | 9,400 |
| To Entrance Fees | 5,520 | By Light charges | 420 |
| To Subscriptions | 22,000 | By General expenses | 4,370 |
| To Donations | 10,600 | By Office expenses | 4,500 |
| To Interest | 420 | By Investment | 14,000 |
| To Receipts from | | By Cash in hand | 180 |
| Entertainments | 820 | By Cash at Bank | 12,000 |

On 1-1-2014 the club had sports materials worth ₹ 30,000 and furniture worth ₹ 5,800.



Adjustments :

- (a) Subscriptions outstanding for the year 2013 ₹ 600 and ₹ 700 for the year 2014.
- (b) Out standing Rent :
For 2013 – ₹ 1,800
For 2014 – ₹ 1,800
- (c) Depreciate :
Furniture ₹ 500
Sports materials ₹ 3,000
- (d) Donations and Entrance fees are to be capitalised.
- (e) Outstanding expenses were :
Salaries ₹ 1,500
Light charges ₹ 200

Prepare :

- a) Balance sheet on 1-1-2014
- b) Income and expenditure a/c on 31-12-2014
- c) Balance sheet as on 31-12-2014

Q.No. 8. Write short note on **any two** of the following :

Marks : 2×8=16

- (a) Features of Bills of Exchange distinguish between bills of exchange and promisory note.
- (b) How do you adjust the following in financial statements ?
 - i) Un expired insurance
 - ii) Interest due on investment
 - iii) Closing stock
 - iv) Outstanding expenses
 - v) Free samples
 - vi) Doubtful debts
 - vii) Goods used for personal use

and Expenditure A/c.



Q.No. 9. Solve any two of the following problems :

Marks : 2×10=20

- (a) Champalal purchased goods worth ₹ 4,000 from Biharilal on 1-1-2014 and settled account by accepting one month bill drawn by the seller. On the due date the acceptor approached the drawer with a request to receive ₹ 2,000 in cash and to draw 3 months fresh bill for the balance amount due together with interest at 20% p.a. The drawer agree to the above agreement. The second bill was duly honoured by the acceptor on the due date.

Pass the journal entries in the books of the both the parties.

- (b) Prepare purchase book and sales book from following particulars of Sri Ram Stores Hubballi.

2014

April 1 Purchased 100 pieces of silk sarees from M/s Siradi Stores at ₹ 600 per piece less Trade discount @ 10% as per invoice No. p/10.

Jan. 5 Purchased from Mysore stores 200 garments at ₹ 50 each sales tax at 10% as per Invoice No. T/17.

Jan. 12 Sold to Lal and Co. 80 pieces of silk sarees at ₹ 800 per piece less trade discount @ 10%.

Jan. 16 Purchased from Wollen stores Simla 150 rugs at ₹ 300 per piece less TD at 5%, carriage ₹ 250 Invoice No. G/26.

Jan. 21 Sold to Ramchandra 150 garments at ₹ 100 each, TD at 5% packing charges ₹ 25



(c) From the following Ledger accounts balances, prepare Balance Sheet as at 31-12-2013

| | |
|----------------------------------|----------|
| Capital A/c | ₹ 20,000 |
| Drawings A/c | ₹ 1,000 |
| Profit and Loss A/c (net profit) | ₹ 2,000 |
| Bank overdrafts | ₹ 5,000 |
| Bank A/c | ₹ 1,500 |
| Sundry debtors | ₹ 3,000 |
| Furniture A/c | ₹ 5,000 |
| Sundry creditors | ₹ 10,000 |
| Bills payable | ₹ 6,000 |
| Investment in shares and NSC | ₹ 10,500 |
| Closing Stock | ₹ 3,000 |
| Premises | ₹ 20,000 |
| Outstanding Interest on loan | ₹ 1,000 |

