

0232

Second Semester 5 Years B.B.A.LL.B. Examination, June/July 2017
FINANCIAL ACCOUNTING
(Old and New Batch)

Duration : 3 Hours

Max. Marks : 100

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

Q No. 1. Define Accounting. Explain the Accounting concepts and conventions in detail.

Marks : 16

Q. No. 2. Journalise the following transactions :

Marks : 16

2015

- May 1 Depreciation charged on furniture ₹ 2,000
- " 2 Rent due, but not paid ₹ 1,500
- " 3 Goods given as charity ₹ 750
- " 4 Bad debts, written off ₹ 500
- " 5 Bad debts recovered ₹ 250
- " 6 Goods distributed as samples ₹ 800
- " 7 Goods withdrawn by the proprietor for his personal use ₹ 900
- " 20 Loss of goods by fire ₹ 400
- " 25 Loss of cash by theft ₹ 1,000
- " 26 Drew for personal use ₹ 600
- " 27 Purchased a motor car in exchange for goods ₹ 2,000
cheque ₹ 3,000
- " 29 Interest on capital ₹ 300

P.T.O.



Q. No. 3. Enter the following transactions in the subsidiary books of Soundarya Saree Shop.
2014

Marks : 16

- Aug. 1 Purchased from Pathi Silk Kendra
100 printed sarees at ₹ 250 each
- " 5 Purchased from NSR and company
200 Kanchi sarees at ₹ 1,000 each
- " 7 Sold to Kumar on account
50 Printed sarees at ₹ 300 each
100 Kanchi sarees at ₹ 1,250 each
- " 8 Claimed for damages from Pathi
Silk Kendra ₹ 500
- " 9 Returned damaged goods to NSR and Company
5 Kanchi sarees
- " 12 Purchased from Sudarshan Silks
150 Mysore Silk at ₹ 250 each
100 Handloom sarees at ₹ 750 each
Less trade discount at 10%
- " 15 Sold to Kala on account
20 printed sarees at ₹ 300 each
25 Kanchi sarees at ₹ 1,300 each
20 Mysore silk sarees at ₹ 300 each
Less trade discount at 5%
- " 20 Sold to Kusum sarees
40 Handloom sarees at ₹ 1,000 each
- " 21 Kumar returned
10 printed sarees
20 Kanchi sarees
- " 25 Returned to Sudarshan's Silk
25 Mysore Silk
- " 30 Purchased from Nandi Silk
400 Nandhi brand sarees at ₹ 500 each



Q. No. 4. Enter the following transactions in a three-column cash book. Marks : 16

2014

- April 1 Balance of cash in hand ₹ 18,000 and at bank ₹ 32,000
- " 2 Paid Vinod by cheque ₹ 9,500 in full settlement of his account for ₹ 9,600
- " 4 Bought goods for cash ₹ 800 and for cheque ₹ 3,000
- " 6 Drew cash for office use ₹ 3,000
- " 7 Paid wages in cash ₹ 2,500
- " 8 Paid Manjunath ₹ 1,200 by cheque
- " 10 Sold goods for cash ₹ 8,000
- " 12 Received cheque from Mr. Lokesh ₹ 3,200 in full settlement of his account for ₹ 3,250. Deposited Lokesh's cheque into the bank
- " 15 Lokesh's cheque was returned dishonoured
- " 20 Paid ₹ 9,200 into Bank
- " 24 Paid Henry ₹ 1,750 in full settlement of his account for ₹ 5,900
- " 30 Discounted a bill of exchange of ₹ 1,000 at 2% through Bank
- " 31 Transferred from fixed deposit account to current account ₹ 5,000

Q. No. 5 From the following Trial Balance, prepare the Trading and Profit and Loss Account and Balance Sheet as on 31st March 2015. Marks : 16

| | Debit (₹) | Credit (₹) |
|--------------------|-----------|------------|
| Nayak's Capital | | 40,000 |
| Nayak's Drawings | 8,000 | |
| Machinery | 20,000 | |
| Buildings | 32,000 | |
| Debtors | 10,000 | |
| Trade Expenses | 300 | |
| Salary | 4,000 | |
| Rent for 11 months | 2,200 | |

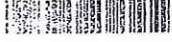


| | | |
|------------------------------|-----------------|-----------------|
| Bad debts | 500 | |
| Discount | 460 | 560 |
| Returns | 760 | 1,600 |
| Sales | | 78,000 |
| Purchases | 40,000 | |
| Commission | | 260 |
| Furniture | 2,000 | |
| Provision for Doubtful Debts | | 800 |
| Wages | 7,000 | |
| Carriage inward | 500 | |
| Overdraft | | 3,000 |
| Creditors | | 12,000 |
| Cash | 500 | |
| | 1,36,220 | 1,36,220 |

Adjustments :

- 1) Allow interest on capital and drawings at 5% and 4% respectively.
- 2) Depreciation on machinery and furniture at 10% and 5% respectively.
- 3) Salary is prepaid to the extent of ₹ 100.
- 4) One month's rent is outstanding.
- 5) Interest on overdraft outstanding ₹ 450.
- 6) Provide 6% of sundry debtors for doubtful debts.
- 7) Value closing stock at ₹ 25,000.

Q. No. 6. On 1st July, 2014, Vinod bought goods from Manjunath for ₹ 15,000 and accepted two bills in settlement, one for ₹ 8,000 due after 3 months and the other for ₹ 7,000 due after 4 months. The first bill was met on the due date. The second bill was discounted on 4th August 2014 at 12% p.a. On the due date, the second bill was dishonoured and Manjunath paid the amount



Q. No. 7. Following is the receipts and payments account of Star Sports Club for the year ended 31-12-2014.

Marks : 16

| Receipts | ₹ | Payments | ₹ |
|---------------------------------|--------|--------------------------------|--------|
| To Cash in hand (1-1-2014) | 6,120 | By Rent and Taxes | 8,610 |
| " Cash at Bank (1-1-2014) | 8,000 | " Salaries | 9,400 |
| " Entrance fees | 5,520 | " Light charges | 420 |
| " Subscriptions | 22,000 | " General expenses | 1,250 |
| " Donations | 10,600 | " Office expenses | 4,500 |
| " Interest | 420 | " Sports materials | 3,120 |
| " Receipt from entertainment | 820 | " Investments | 14,000 |
| | | " Cash at Bank (31-12-2014) | 6,180 |
| | | " Cash in hand (31-12-2014) | 6,000 |
| | 53,480 | | 53,480 |

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

Adjustments :

- 1) Subscriptions O/S were ₹ 600 for the year 2013 and ₹ 700 for the year 2014.
- 2) The O/S rent was ₹ 1,800 for the year 2013 and ₹ 1,800 for the year 2014.
- 3) Write off depreciation ₹ 500 from furniture and ₹ 3,000 from sports materials.
- 4) Entrance fees and donations to be capitalised.
- 5) Following were the outstanding expenses :
Salaries ₹ 1,500, Light charges ₹ 200.

Prepare :

- 2) Income and Expenditure Account for the year ended 31 Dec. 2014.
- 3) Balance Sheet as on 31st Dec. 2014.



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

(2×8=16)

- Explain the rules of double entry system.
- What do you mean by bills of exchange and explain its types.
- Explain the difference between capital expenditure and revenue expenditure.

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

(2×10=20)

- Asha sold goods worth ₹ 20,000 to Mamatha on credit on 1st July 2014. She drew a 3 months bill on Mamatha on the same day for ₹ 20,000. Mamatha accepted it and sent back to Asha. On receiving the bill Asha discounted it with her banker for ₹ 19,600. But on the due date Mamatha could not honour the bill. Noting charges incurred by bank were ₹ 1,000.

Pass Journal Entries in book of Asha and Mamatha.

- Journalise the following transactions :

2014

- May 1 Rajesh commenced business with cash ₹ 5,000
 " 3 Paid into Bank ₹ 2,000
 " 4 Bought office furniture for cash ₹ 500
 " 5 Sold goods to Murthy on credit ₹ 400
 " 6 Bought goods from Narayan on credit ₹ 500
 " 7 Paid rent to Landlord ₹ 300
 " 8 Withdrew cash from office for personal use ₹ 200
 " 9 Advanced Govinda ₹ 1,000 as loan
 " 10 Received loan from Anand ₹ 2,000
 " 11 Interest on capital ₹ 100

- From the following particulars, prepare a Trading and Profit and Loss Account for the year ended 31st March, 2014.

| Particulars | ₹ |
|-----------------|--------|
| Purchase (Cash) | 10,000 |
| Credit Purchase | 20,000 |



| | |
|--------------------------|--------|
| Purchase Returns | 2,000 |
| Sales (Cash) | 30,000 |
| Sales (Credit) | 40,000 |
| Returns from customers | 1,000 |
| Sales tax | 4,000 |
| Salaries | 10,000 |
| Rent and Taxes | 5,000 |
| Insurance | 4,000 |
| Trade Expenses | 500 |
| Advertisement | 1,000 |
| Maintenance expenses | 2,000 |
| Commission (Dr.) | 50 |
| Interest on bank balance | 500 |
| Discount received | 200 |
| Wages | 10,000 |

Adjustments :

- 1) Closing Stock ₹ 8,000
 - 2) Unpaid rent ₹ 1,000
 - 3) Prepaid insurance ₹ 200
 - 4) Write off bad debts ₹ 500
 - 5) Depreciate furniture by ₹ 100
 - 6) Allow interest on capital ₹ 500
 - 7) Charge interest on drawings ₹ 300
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