0232/3045/1604/1704

I/II Semester 5 Year B.B.A., LL.B./B.Com., LL.B. Examination, July/August 2026

FINANCIAL ACCOUNTING

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 the remaining questions carry 16 marks each.**
3. **Answers should be written in English completely.**
4. **Use simple calculators.**

Q. No. 1. Define Accounting Principles. Explain the classification of accounts under English system of accounting with examples and also debit and credit rules. Marks : 16

Q. No. 2. Journalise the following transactions in the books of Nishanth. Marks : 16

1 – 4 – 21 : Commenced business with the following :
Cash ₹ 2,50,000, Furniture ₹ 1,00,000, Buildings ₹ 2,00,000, Stock ₹ 30,000.

4 – 4 – 21 : Purchased computer for ₹ 20,000 and Office car ₹ 40,000.

6 – 4 – 21 : Purchased goods from Rajesh ₹ 15,000 and Raghu ₹ 25,000.

8 – 4 – 21 : Sold goods to Rajendra ₹ 20,000 and Mahesh ₹ 25,000.

10 – 4 – 21 : Cash purchases ₹ 8,000 and paid commission ₹ 500.

11 – 4 – 21 : Paid Mr. Rajesh ₹ 3,000 in cash, ₹ 11,000 by cheque and received discount ₹ 1,000.

14 – 4 – 21 : Cash sales ₹ 30,000, additional capital introduced ₹ 40,000.

Q. No. 3. Prepare Pavan's account in the ledger of Rajesh and Rajesh's account in the ledger of Pavan from the following transactions between them : Marks : 16

01 – 01 – 2021 : Opening debt of Rajesh to Pavan ₹ 700.

05 – 01 – 2021 : Pavan sold goods to Rajesh ₹ 3000.

09 – 01 – 2021 : Rajesh sold goods to Pavan on credit ₹ 2,000.

14 – 01 – 2021 : Rajesh returned goods to Pavan ₹ 200.

17 – 01 – 2021 : Pavan received cash from Rajesh ₹ 2,000 and Discount to Rajesh ₹ 300.

20 – 01 – 2021 : Pavan returned goods to Rajesh ₹ 400.

25 – 01 – 2021 : Rajesh received a cash from Pavan ₹ 1,500.

P.T.O.

Q. No. 4. Prepare a Three Columnar Cash Book from the following transactions. Marks : 16

2021

Aug. 1 : Balance of cash in hand ₹ 5,000 and Bank overdraft ₹ 10,000.

3 : Received a cheque from Mahesh for ₹ 5,000 and allowed him discount ₹ 130.

5 : Deposited into bank Mahesh cheque along with cash ₹ 10,000.

10 : Paid to Anil by cheque ₹ 320 in settlement of ₹ 350.

15 : Received from sales : cash ₹ 275, cheque ₹ 5,225.

19 : Paid for cash purchases by cheque ₹ 645.

22 : Paid by cheque to Kavya ₹ 725 in settlement of ₹ 800.

25 : Draw for office use ₹ 1,900 and for personal use ₹ 900.

27 : Paid for advertisement ₹ 245.

28 : Paid staff salary by cheque ₹ 2,250.

29 : Paid office rent by cash ₹ 400 and house rent by cheque ₹ 375.

Q. No. 5. Journalise the following transactions and post them to the various ledger accounts 2022. Marks : 16

1st June : Rao started business with cash ₹ 40,000

3rd June : Rao paid for postage ₹ 25

5th June : Rao purchases goods from Sam ₹ 3,000

10th June : Rao sold goods to Suresh ₹ 4,000

14th June : Rao returned goods to Sam ₹ 1,000

15th June : Suresh returned goods to Rao ₹ 2,000

Q. No. 6. Enter the following transactions in the subsidiary books Shree Saree Shop. Marks : 16
Aug. 2021.

1st – Purchased from Pavan silk, 100 silk sarees at ₹ 2,500 each.

5th – Purchased from HSR company, 200 Kanchi silk sarees at ₹ 5,000 each.

7th – Sold to Krishna on account, 50 printed sarees at ₹ 300 each, 100 Kanchi sarees at ₹ 1,000 each.

9th – Returned damaged goods HSR company, 5 Kanchi sarees.

12th – Purchased from Sudarshan silk sarees 150 Mysore silk @ ₹ 2,500 each, 100 Handloom sarees @ ₹ 750 each. Less trade discount @ 10%.

15th – Sold to Kala on account 20 printed sarees @ ₹ 300 each, 25 Kanchi sarees at ₹ 1,300 each, 20 Mysore silk sarees at ₹ 300 each. Less trade discount at 5%.

20th – Sold to Kusuma Traders 40 Handloom sarees at ₹ 1,000 each.

21st – Krishna returned, 10 printed sarees and 20 Kanchi sarees.

25th – Returned to Sudarshan's silk sarees, 25 Mysore silk.

27th – Returned to Kusuma Traders, 10 Handloom sarees.

Q. No. 7. From the following information prepare financial statements on 31st March 2023. Marks : 16

Trial Balance

Particulars	Debit(₹)	Credit(₹)
Nayak's capital	–	40,000
Nayak's drawings	8,000	–
Machinery	20,000	–
Buildings	32,000	–
Debtors	10,000	–
Trade expenses	300	–
Stock on 01-04-2022	8,000	–
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	–
Reserve for doubtful debts	–	800
Wages	7,000	–
Carriage	500	–
Overdraft	–	3,000
Creditors	–	12,000
Cash	500	–
	1,36,220	**1,36,220**

Adjustments :

i) Allow interest on capital and drawings at 5% and 4% respectively.

ii) Depreciation on machinery and furniture at 10% and 5% respectively.

iii) Salary is prepaid to the extent of ₹ 100.

iv) One month rent is outstanding.

v) Interest on overdraft outstanding ₹ 450.

vi) Reserve 6% on sundry debtors for doubtful debts.

vii) Value of closing stock ₹ 25,000.

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Q. No. 8. Answer **any two** of the following. Marks : 2×8=16

(a) Difference between single entry system and double entry system.

(b) Write the differences between receipts and payments account and income and expenditure account.

(c) Classify the following into capital and revenue expenditure :

i) Land purchased by sports club for play ground.
ii) Subscriptions to news paper.
iii) Scanning machine purchased by a hospital.
iv) Honararium paid to a surgeon by a hospital.
v) Cost of construction of Pavilion by a sports club.
vi) Legal charges paid to maintain ownership of land.
vii) Installation charges of new machine.
viii) White washing charges of an old building.

Q. No. 9. Solve **any two** of the following problems. Marks : 2×10=20

(a) From the following information, prepare the Balance Sheet of Ladies Club as on 01-01-2016.

Particulars	**Amount(₹)**
Cash in Hand	100
Capital fund	40,000
Special fund	6,600
Club house	15,000
Furniture	4,000
Subscription in advance	400
Outstanding salary	600
Investments	20,000
Sports materials	8,000
Outstanding subscriptions	500
Outstanding income	400
Creditors for expenses	400

(b) How do you treat the following in final accounts of non trading concern ?

i) Legacies.
ii) Grant for construction of Pavilion.
iii) Sale of furniture.
iv) Sale of used sports materials
v) Prize fund donations.
vi) Wages paid for upkeep of grounds.
vii) Life membership fees.
viii) Wages paid for erection of machinery.
ix) Dividend on investment.
x) Entrance fees.

(c) Define accounting. Explain functions of accounting.