

**Second Semester of Five Year B.B.A., LL.B. (Hon's) Examination,
January 2012
FINANCIAL ACCOUNTING**

Duration : 2 $\frac{1}{2}$ Hours

Max. Marks : 70

Instructions:

1. Answer all **five** Questions.
2. **One** essay type and **one** short note question or problem from **each unit** have to be attempted, which is referred as part (a) and (b) in all the units.
3. Figures to the **right** indicate **marks**.
4. **Use** simple calculator.

UNIT – I

Q. No. 1. (a) State the end users of accounting information. Marks : 9

OR

Explain the rules of debit and credit of three kinds of accounts with examples.

(b) What is accounting ? State its functions. Marks : 5

OR

What are the advantages of “Double entry system” of accounting ? Explain.

UNIT – II

Q. No. 2. (a) Enter the following transactions in Parvati's Account in the books of Shiva and in Shiva Account in the books of Parvati and balance the accounts on 31-10-2010. Marks : 9

2010 Sep. 1 Shiva owed to Parvati ₹ 10,800.

” 2 Shiva solds goods to Parvati on credit ₹ 9,000 less trade discount at 10%

” 5 Parvati sold furniture on credit ₹ 7,800 (Parvati is stationery and furniture dealer but Shiva is only a stationery merchant)

P.T.O.

" 10 Shiva issued to Parvati bills payable of ₹ 5,000
" 17 Parvati returned goods to Shiva ₹ 1,200 net
" 22 Shiva paid to Parvati ₹ 3,500
" 30 Shiva sent a cheque of ₹ 3,000 Parvati in full settlement of account, but it was received by Parvati on 7-11-2010.

OR

Enter the following transactions in the cash book with cash, discount and bank columns.

Mar. 1 Cash sales ₹ 10,000
" 4 Cash purchases ₹ 8,000
" 9 Received commission ₹ 1,000
" 15 Paid into bank ₹ 2,000
" 20 Paid salary ₹ 900
" 24 Withdrawn from bank for office use ₹ 600
" 25 Paid rent ₹ 500
" 27 Cash received from Krishna ₹ 1,500
" 31 Bought goods ₹ 400 and paid the same by cheque
" 31 Paid for advertisement ₹ 100.

(b) Define and distinguish between debit note and credit note. Marks : 5

OR

Journalise the following transactions :

On 1-6-2010 Ram Rao commenced business with following :

Cash	10,000
Goods	2,000
Building	15,000
Furniture	1,000



Debtors : Suresh	1,200
Mahesh	500
Ramesh	300
Creditors : Vivek	1,500
Vijay	1,000
Loan from Bank	2,500

UNIT – III

Q. No. 3. (a) From the following trial balance of a traders prepare trading and profit and loss account for the year ended 31-12-2010 and balance sheet on that date

Marks : 9

Capital	–	20,000
Drawings	1,700	–
Machinery	12,000	–
Scooter	2,600	–
Debtors and creditors	3,600	2,600
Purchase and sales	2,000	4,200
Wages	800	–
Cash	2,600	–
Salaries	800	–
Repairs	190	–
Stock as on 1-1-2010	1,600	–
Rent	450	–
Manufacturing expenses	150	–
Bills payable	–	2,350
Bad debts	500	–
Carriage on sales	160	–
	29,150	29,150

Adjustments :

- a) Closing stock as on 31-12-2010 ₹ 1,600
- b) Depreciate machinery by 10% and scooter 15%
- c) ₹ 150 are due for wages
- d) Paid rent ₹ 50 in advance.

OR

From the following trial balance of Rajan as at 31-12-2010
prepare his final accounts.

Sr. No.	Name of Accounts	Dr.	Cr.
1.	Rajan's capital	—	29,000
2.	Rajan's drawings	760	—
3.	Stock (1-1-2010)	1,200	—
4.	Purchase and sales	8,900	15,000
5.	Sales returns and purchase returns	280	450
6.	Wages	800	—
7.	Buildings	22,000	—
8.	Freight and carriage	2,000	—
9.	Trade expenses	200	—
10.	Advertisement	240	—
11.	Interest	—	350
12.	Taxes and Insurance	130	—
13.	Debtors and creditors	6,500	1,200
14.	Bills receivable and bills payable	1,500	700
15.	Cash at bank	1,200	—
16.	Cash in hand	190	—
17.	Salaries	800	—
		46,700	46,700



Adjustments :

- a) Stock on 31-12-2010 was valued at ₹ 1,500
- b) Insurance was prepaid to the extent of ₹ 40
- c) Outstanding liabilities were : Salaries ₹ 200 and taxes ₹ 130
- d) Depreciate buildings by 20%.

(b) How are the provision for discount on debtors and on creditors be made from the under mentioned balances prepare the Balance Sheet as on 30-03-2011.

Marks : 5

Cash on hand	4,000
Plant and machinery	8,100
Bills payable	2,800
Drawings	2,400
Capital	15,000
Cash at bank	9,320
Sundry debtors	5,670
Sundry creditors	5,730
Stock on 1-4-2010	6,500
Net profit	12,460

UNIT – IV

Q. No. 4. (a) Champal purchased goods worth ₹ 4,000 from Biharilal on 1-1-2010 and settled account by accepting 1 months 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 agreed to the above arrangement. The second bill was duly honoured by the acceptor on the due date.

Marks : 9

OR

X draws a bill on Y for ₹ 2,000 and Y returns it to X after accepting the same. Before the due date Y approaches X and requests him to cancel the bill and to draw a new bill for 4 months. Interest of ₹ 100 for extended period is also to be included in the amount of new bill. X agrees to this proposal.

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

(b) Explain the different kinds of bill of exchange.

Marks : 5

OR

Define bill of exchange. What are its advantages ?

UNIT – V

Q. No. 5. (a) From the following receipts and payments account of Sanjeevini Hospital newly commenced on 1-1-2010 and the adjustment given below, prepare the income and expenditure account for the year ending 31-12-2010 and balance sheet as on date. Marks : 9

Adjustments :

Donations are to be capitalised. The government securities represent investment of edowment fund amount.

Outstanding subscriptions ₹ 2,000 outstanding interest on Government securities ₹ 7,000 office expenses outstanding ₹ 500. Depreciate instruments and equipments at 20% and furniture at 10%. Stock of medicines as on 31-12-2010 ₹ 200.

Receipt and payments accounts for the year ended 31-12-2010.

To Balance b/d	– By Instruments and	
To subscriptions	10,000 equipments	12,000
To Entrance fees	2,000 By Furniture	6,000
To Edowment fund	1,00,000 By Diet expenses	1,800
To Donation	20,000 By Medicine purchased	1,200
To Fees from patient	2,500 By Salaries	5,000

-7-

To Interest from Bank	200	By Office expenses	3,500
To Miscellaneous Receipts		By Government securities	1,00,000
		By balance c/d	
		Cash	500
		Bank	<u>5,000</u>
			5,500
	1,35,000		1,35,000

OR

Prepare the income and expenditure account for the year ended 31-12-2010 and balance sheet as on that date from the following particulars relating to the Janatha Hospital.

Additional Information :

Value of building under construction as on 31-12-2010 ₹ 35,000

Value of Hospital equipment as on 31-12-2012 ₹ 12,750

Building fund as on 1-1-2010 ₹ 20,000

Receipts and payment account for the year ended 31-12-2010.

Receipts	₹	Payments	₹
To Balance :		By Salaries (₹ 1,800 of 2009)	7,800
Cash 200		By Hospital equipment	2,250
Bank <u>1,300</u>	1,500	By Furniture	1,500
To subscriptions		By Building const ⁿ	12,500
2009	1,275	By Printing and stationery	600
2010	6,125	By Diet expenses	3,900
2011	600	By Rent and rates	
To Grant from Govt.		(₹ 75 of 2011)	500
for Building	20,000	By Electricity and water	600
To Grant from Govt.		By Office expenses	500
for maintenance	5,000	By Investments	5,000
To Fees from patient		By Balance	
	1,200	Cash	350
To collection from Benefit shows		Bank	1,700
	1,500		2,050
	37,200		37,200

0243

-8-

(b) Explain kinds of donations. How do you treat them in final accounts ?

Marks : 5

OR

Explain how the following items are adjusted in the case of a non-trading concern.

- 1) Prize fund ₹ 40,000; Interest received on the prize fund investment ₹ 4,400; Prize distribution expenses ₹ 3,900.
- 2) Receipt for cricket tournament ₹ 2,800; tournament expenses ₹ 3,200.
