

Time : Three hours

Maximum : 75 marks

## SECTION A — (10 × 2 = 20 marks)

Answer any TEN questions.

1. What are accounting concepts?
2. What do you mean by double entry system of Book-keeping?
3. Define the term 'Ledger'.
4. What are current assets?
5. Write a short note on 'Entrance fees'.
6. List out the different types of partners in partnership firm.
7. What do you mean by Revaluation account?
8. State the causes for depreciation.
9. How will you calculate loss of stock in insurance claim?
10. Define the term single entry system.
11. Mention the features of single entry system.
12. How will you calculate sacrificing ratio in partnership firm?

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## SECTION B — (5 × 5 = 25 marks)

Answer any FIVE questions.

13. Journalize the following transactions in the book of Glory.

2005

January

1. Started business with cash ₹ 9,000
2. Purchased for cash ₹ 2,100
3. Sold goods for cash ₹ 700
4. Deposited into Canara Bank ₹ 3,000
5. Cash received from Rajan. ₹ 400
6. Cash paid to Ananda Traders ₹ 1,000
7. Paid salary ₹ 3,000
8. Paid rent ₹ 400
9. Received commission ₹ 200
10. Withdrew from Canara Bank ₹ 1,200

14. From the following prepare the three column cash book :

1997

January

- |    |                              |   |       |
|----|------------------------------|---|-------|
| 1  | Cash balance                 | ₹ | 4,500 |
|    | Bank balance                 |   | 2,100 |
| 5  | Cash sales                   |   | 6,000 |
|    | Paid into bank               |   | 2,000 |
| 7  | Purchases paid by cheque     |   | 1,500 |
| 10 | Received a cheque from Raman |   | 950   |

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1997

January

- |    |                               |   |       |
|----|-------------------------------|---|-------|
| 15 | Discount allowed              | ₹ | 50    |
| 26 | Paid Raman's cheque into bank |   | 625   |
|    | Paid Mohan by cheque          |   | 45    |
| 29 | Discount received             |   | 1,000 |
| 31 | Withdrew from bank            |   | 400   |
|    | Paid rent                     |   |       |

15. "From the following information prepare balance sheet :

Capital	₹	4,00,000
Furniture		1,00,000
Bank balance		50,000
Cash in hand		75,000
Profit		25,000
B/R		50,000
B/P		40,000
S. Debtors		30,000
S. Creditors		50,000
Goodwill		60,000
Building		1,50,000

16. 'X' and 'Y' admit 'Z' as a partner for 1/5 the share of profits. 'Z' brings Rs. 20,000 as capital and Rs. 5,000 as his share of goodwill in cash goodwill already exists in the books at Rs. 10,000. It is decided that goodwill should continue to appear in the books. Give entries recording Z's admission.

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17. A machine was bought on 1.4.95 for ₹ 17,000 and ₹ 3,000 spent on its overhauling. Depreciation was provided at 10% under diminishing balance method on every December on 30.06.97. It was sold for ₹ 18,000. Show the machinery account.

18. A fire occurred on 15<sup>th</sup> March 1995 in the premises of a company from the following find out the amount of claim to be lodged in case of the loss of stock which was insured.

Stock (1.1.95)	₹	2,00,000
Purchases from 1.1.95 to 15.3.95		6,00,000
Wages		1,50,000
Manufacturing expenses		50,000
Sales from 1.1.95 to 13.5.95		10,00,000
The gross profit ratio is 20%. The stock salvaged was ₹ 20,000.		

19. Mohan a retail merchant commenced business with a capital of ₹ 24,000 on 1.1.2000. Subsequently on 1.5.2000 he invested a further capital of ₹ 10,000. During the year he has withdrawn ₹ 4,000 for his personal use of 31<sup>st</sup> December 2000, his assets and liabilities were as follows :

Cash at bank	₹	6,000
Debtors		8,000
Stock		32,000
Furniture		4,000
Creditors		10,000

Ascertain the profit or loss for the year 2000.

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[P.T.O.]

SECTION C — (3 × 10 = 30 marks)  
Answer any THREE questions.

20. From the following trial balance and other information, you are required to prepare trading & profit and loss account for the year ended 31<sup>st</sup> December 2002 and balance sheet are on that date.

	Dr. ₹	Cr. ₹
Drawings and capital	20,000	2,04,000
Cash at bank	48,000	—
Machinery	50,000	—
Bills receivable and payable	15,000	9,000
Purchases and sales	2,05,000	3,50,000
Returns inwards and outwards	4,000	5,000
Wages	20,000	—
Stock (1.1.02)	30,000	—
Carriage inwards	2,000	—
Discounts	1,000	2,000
Salaries	30,000	—
Debtors and Creditors	45,000	50,000
Commission received	—	4,000
Other assets (Fixed)	1,22,000	—
Rent	16,000	—
Cash in hand	10,000	—
Bad debts	6,000	—
	<u>6,24,000</u>	<u>6,24,000</u>

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21. From the following details prepare an Income and Expenditure Account and Balance Sheet for the year ending 31<sup>st</sup> December 1999.

Receipts and Payment Account	
Receipts	Payments
To Balance	250 By Salaries
To Subscription	By General expenses
1998	250 By Electricity
1999	1,000 By Books
2000	200 1,450 By Newspapers
To Sale of old furniture	By Postage
cost ₹ 100	60
To Rent received	740 By Furniture
To Entertainment gains	400 By Balance c/d
To Sale of newspapers	100
	<u>3,000</u>
	<u>3,000</u>

Additional Information :

- (a) The club has 50 members each paying an annual subscription of ₹ 25. Subscriptions outstanding on 31<sup>st</sup> December 1998 were ₹ 300.

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- (b) On December 31, 1999 salaries outstanding amounted to ₹ 100. Salaried paid include ₹ 100 for the year 1998.  
(c) On 1.1.1999 the club owned land and building valued at ₹ 10,000. Furniture ₹ 600 and Books ₹ 500.

22. The following was the Balance Sheet of A, B and C who were equal partners on 1.1.2006.

Liabilities	Rs.	Assets	Rs.
Bills payable	3,300	Cash	600
Creditors	6,000	Debtors	10,800
Capital : A	16,800	Stock	11,400
B	12,600	Furniture	2,400
C	6,000	Building	19,500
	<u>44,700</u>		<u>44,700</u>

They agreed to take 'D' into partnership and give him a fourth share in the profits on the following terms :

- (a) That D should bring in Rs. 9,000 for goodwill and Rs. 1,500 as capital.  
(b) The stock and furniture be depreciated 10%.  
(c) That one half of the goodwill shall be withdrawn by old partners.  
(d) That a provision of 5% on debtors be created.  
(e) That a liability for Rs. 1,080 be created against bills discounted.  
(f) That the value of the buildings having appreciated at Rs. 27,000.  
Prepare revaluation account, capital accounts and opening balance sheet of the new firm.

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23. On January 2000 A & Co. purchases a lease for 3 years for ₹ 60,000. A & Co. decides to provide for its replacement by means of insurance policy for ₹ 60,000. The annual premium is ₹ 19,000.  
On 1<sup>st</sup> January 2003, the lease is renewed for a further period of 3 years for ₹ 66,000. Show the necessary journal entries and ledger accounts.

24. James keeps his books by single entry. From the following information given below, prepare a trading and profit & loss account for the year ending Dec. 31, 2002 and the balance sheet on that date.

	1.1.2000	31.12.2000
Capital	₹ 7,500	—
Sundry debtors	3,440	4,500
Stock	1,750	2,000
Sundry creditors	1,125	850
Machinery	1,560	1,560

Analysis of the cash book for the year ended 31, December 2002.

	₹		₹
To Balance c/d	1,875	By Sundry creditors	1,500
To Sundry debtors	6,000	By Wages	500
To Cash sales	1,350	By Salaries	2,800
To Commission	90	By Drawing	1,600
	<u>9,315</u>	By Balanced	<u>9,315</u>

Depreciate machinery by 10%. Allow interest on opening capital at 5% per annum. Provide for reserve for doubtful debts at 5% on debtors.

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