

BCOM 1003/BBA 1003

B.Com/ B.B.A. DEGREE EXAMINATION,
JANUARY 2021.

First Year – Non Semester

Commerce / Business Administration

PRINCIPLES OF FINANCIAL ACCOUNTING

Time : Three hours

Maximum : 100 marks

PART A — (5 × 8 = 40 marks)

Answer any FIVE questions.

1. Explain the nature and objectives of Accounting.
2. The following transactions you are required to pass journal entries.
 - (a) Raja started a business with Rs. 1,00,000
 - (b) Cash deposited into ICICI Bank Rs 20,000
 - (c) Goods purchased from Guban and Co, Rs. 48,000
 - (d) Withdrew for personal use for Rs. 2,000

3. The following particulars prepare Trading Account.

Sales Rs. 3,48,000, Sales return Rs. 8,000, Wages Rs. 40,000 Opening stock Rs. 85,000, Closing stock Rs. 1,43,500, Purchases Rs. 2,55,000, Purchases return Rs 5,000, Oil and Fuel Rs. 5,000, Carriage inwards Rs. 4,000, Salary Rs. 8,000 Commission Rs. 35,000.

4. From the following details, Calculate the amount to be shown in the income and expenditure account, in respect of stationary payment made for stationary during the year Rs. 720 stock of stationary on the opening and closing date Rs. 60. and Rs. 80. Amount due for stationary bought during the year Rs. 120.
5. Explain the causes of depreciation. What are the need for providing depreciation?
6. Sincere brothers of Delhi opened a branch at Kanpur on Jan. 1 2010. From the following figures prepare Kanpur branch A/c in the Books of sincere brothers for the year ending December 31,2010 and 2011.

Particulars	2010 Rs.	2011 Rs.
Goods sent to Kanpur Branch	1,00,000	1,20,000
Expenses paid by the H.O:		
Rent -	1,200	1,200
Salaries -	6,000	6,000
Advertisement -	600	800
Cash sales at branch -	1,20,000	1,65,000
Remittance received from the branch	—	1,60,500
Remittance made on December 30. still in transit	—	4,000
Expenses paid by the branch:		
Carriage -	200	250
Petty expenses -	300	400
Stock on December - 31	20,000	30,000
Petty cash in hand	200	—

7. Point out the defects of single entry system.
8. On 1st Jan 2018 A, B and C enter into partnership contributing Rs. 2,50,000, Rs. 1,30,000 and 1,20,000 respectively, and sharing profits 5 : 3 : 2. B and C are entitled to a salary of Rs. 16,000 and Rs. 14,500 per year. Interest on capital is to be allowed at 5% per year. 5% Interest is to be charged on drawings. During the year A withdrew Rs. 40,000; B. Rs. 25,000 and C Rs. 15,000. Interest being A Rs. 2,250; B Rs. 1125 and C Rs. 725. profit during the year Dec. 2018 A Rs. 10,000, B Rs. 6,000 and C Rs. 4,000.

Prepare Capital Accounts:

- (a) If they are fluctuating
 (b) If they are fixed

PART B — (4 × 15 = 60 marks)

Answer any FOUR out of six questions.

9. Explain in detail the Accounting concepts and conventions.
10. From the following Trail Balance as on 31.12.2005, prepare final Accounts.

Dr.		Cr.	
Particulars	Rs.	Particulars	Rs.
Sundry debtors	70,000	Sundry Creditors	50,000
Drawings	25,000	Capital	3,00,000

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Insurance	50,000	Return outwards	5000
General expenses	3000	Sales	3,95,000
Salaries	6,000		
Good will	40,000		
Machinery	1,00,000		
Free hold land	50,000		
Building	2,00,000		
Stock (opening)	10,000		
Carriage on purchase	5,000		
Carriage on sales	2,000		
Fuel and power	5,000		
Wages	2,000		
Return inwards	3,000		
Purchases	1,50,000		
Cash at bank	13,000		
Cash in hand	16,000		
	<u>7,50,000</u>		<u>7,50,000</u>

Further details:

- (a) Closing stock as on 31.12.05 was Rs. 30,000
- (b) Goods worth of Rs. 1,000 was taken for personal use by the proprietor
- (c) Provide 5% interest on capital and create 5% provision for doubtful debts.
- (d) Loss on stock by fire was Rs. 10,000 and the insurance company has agreed to pay the full money.

11. From the following details of a club prepare income and expenditure A/c and Balance sheet for the year ended 31.12.2015.

Receipts	Rs.	Payments	Rs.
To opening stock	350	By Salaries	1,400
To subscriptions		By General expenses	300
2014 - 250		By Electric charges	200
2015 - 1,000			
2016 - <u>200</u>	1,450		
To Rent received	700	By Books	400
To profit from entertainment	400	By Newspapers	400
To Sale on old newspapers	100	By closing balance	300
	<u>3,000</u>		<u>3,000</u>

- (a) The club has 50 members each paying annual subscriptions of Rs. 25. Subscription out standing on 31.12.14 were Rs. 300.
 - (b) On 31.12.15 salaries outstanding amounted to Rs. 100.
 - (c) Salaries paid on 2015 included Rs. 300 for the next year 2014.
 - (d) On 01.01.2015, the club owned building valued at Rs. 10,000
 - (e) Provide depreciation on furniture at 10%.
12. A second hand machinery was purchased on 01.01.2000 for Rs. 30,000 and Rs 6,000 and Rs 4,000 were spent on its repairs and erection respectively. On 01.07.2001, another Machine was purchased for Rs. 26,000. On 01.07.2002, the first machine was sold for Rs. 30,000. On the same day, one more machine was bought for Rs. 25,000.

On 31.12.2002, the machine bought on 1.7.2001 was sold for Rs. 23,000. Accounts are closed on 31st December every year. Depreciation is written off at 15% p.a, on WDV method. Prepare machinery account for 3years ending 31.12.2002.

13. X who keeps his books by single entry, gives you the following informations.

Assets and Liabilities	Jan 1, 2004 Rs.	Dec 31, 2004 Rs.
Stock in hand	18,700	23,400
Debtors	12,000	14,000
Creditors	9,000	1,500
Bills receivable	4,000	5,000
Bills payable	1,000	200
Furniture	600	600
Building	12,000	12,000
Bank balance	4,350	3,350

Additional Informations:

- (a) A provision of Rs. 1,450 is required of bad debts
- (b) Depreciation on Building and furniture 5%
- (c) Outstanding liabilities: wages Rs. 3,000, Salaries Rs. 1,200
- (d) Unexpired insurance Rs. 250, legal expenses out standing Rs. 700.
- (e) Drawings of Mr,X during the year Rs. 7520. You are required to find out the profits.

14. The following is the Balance sheet of A, B and C on 31st December 1989.

Liabilities	Rs.	Assets	Rs.
Sundry creditors	4,500	Cash in hand	300
Reserve fund	4,800	Cash at Bank	7,500
Capital Account:		Stock	9,000
A - 15,000		Sundry debtors	9,000
B - 7,500		Furniture	12,000
C - <u>7,500</u>	<u>30,000</u>	Tools	<u>1,500</u>
	<u>39,300</u>		<u>39,300</u>

C died on 31st March 1990 under the terms of the partnership deed the executors of a deceased partner were entitled to;

- (a) Amount standing to the credit of the partner's capital A/c
- (b) Interest on Capital @ 5% p.a.
- (c) Share of goodwill on the basis of twice the average of the past three years profits.
- (d) Share of profits from the closing of the last financial year to the date of death on the basis of the last year's profits.

Profit for 1987 Rs. 9000

Profit for 1988 Rs. 12,000

Profit for 1989 Rs. 10,500

Profits were shared in the ratio of capitals.
pass necessary journal entries and find out
the amount payable to the heir of 'C'.
