

BCOM 1003/BBA 1003

B.Com./B.B.A. DEGREE EXAMINATION,
JANUARY 2022

First Year — Non-Semester

Commerce

PRINCIPLES OF FINANCIAL ACCOUNTING

Time : Three hours

Maximum : 100 marks

PART A — (5 × 8 = 40 marks)

Answer any FIVE out of Eight questions.

1. What are the objectives of Accounting?
2. Prepare a Trial Balance from the following ledger balances for the year ended 31-12-2016.

	Rs.		Rs.
Capital	50,000	Plant and Machinery	80,000
Sales	1,77,000	Purchases	60,000
Returns outward	750	Returns inward	1,000
Stock (1-1-2016)	30,000	Discount (Dr)	350
Discount (Cr)	800	Bank charges	75
Debtors	45,000	Creditors	25,000
Salaries	6,800	Carriage inward	750

	Rs.		Rs.
Wages	10,000	Carriage outward	1,200
Bad debts provision	525	Rent and Taxes	10,000
Advertisements	2,000	Cash in hand	900
		Cash at bank	6,000

3. How would you show the following item relating to subscriptions in the Income and Expenditure Account for the year ending 31st Dec. 2006 and the Balance Sheet as at 31st Dec. 2005 and 2006.

Rs.

Subscriptions received during 2006	7,170
Subscriptions outstanding at the end of 2005	600
Subscriptions received in advance on 31 st Dec, 2006	450
Subscriptions received in advance on 31 st Dec, 2005	270
Subscriptions outstanding on 31 st Dec, 2006 (including Rs. 250 for 2005)	750

4. Explain the causes of Depreciation.

5. A and B enter into a joint venture to sell a consignment of Timber sharing profits and losses equally. A provides timber from stock at a mutually agreed value of Rs. 5,000. He pays expenses amounting to Rs. 250. B incurs further expenses on cartage, storage and coolage of Rs. 650 and receives cash for sales Rs. 3,000. He also takes over goods to the value of Rs. 1,000 for his use in his own business. At the close A takes over the balance stock in hand which is valued at Rs. 1,100. Prepare Joint Venture account.
6. Give four distinctions between departmental accounts and branch accounts.
7. State the defects of single entry system.
8. A firm earns Rs. 66,000 as its annual profits, the rate of normal profit being 10%. The assets of the firm amount to Rs. 7,00,000 and liabilities to Rs. 2,00,000. Find out the value of goodwill by capitalization method.

PART B — (4 × 15 = 60 marks)

Answer any FOUR out of Six questions.

9. The following is the trial balance of Ram Lal on 31st March 2012.

Debit Balance	Rs.	Credit Balance	Rs.
Bank	7,500	Capital	2,00,000
Purchases (adjusted)	34,96,000	Bills payable	50,000
Salaries	21,000	Loan	1,00,000

Debit Balance	Rs.	Credit Balance	Rs.
Carriage on sales	2,500	Sales	36,00,000
Carriage on purchases	2,000	Discount	2,000
Lighting	1,500	Commission	500
Buildings	1,35,000	Sundry creditors	1,00,000
Rate and taxes	2,000		
Sundry debtors	40,000		
Furniture	30,000		
Cash in hand	1,250		
Bills receivable	7,500		
Stock (31-03-2012)	3,06,250		
	40,52,500		40,52,500

Rates have been prepaid to the extent of Rs. 600. during the year, bad debt amounted to Rs. 2,500. A provision @ 5% has to be made on debtors. Buildings have to be depreciated at 2% and furniture at 10%. prepare Trading and Profit and Loss A/c and Balance sheet as on 31st March 2012.

10. From the following Trial Balance of “The City Club’ Hyderabad, prepare Income and Expenditure Account for the year ended 30th June, 2017 and a Balance sheet as on that date:

	Dr.	Cr.
Annual subscriptions		15,000
Entrance fees (to be capitalized)		5,000
Sale of tickets of Entertainment		3,000
Interest on investments		400

	Dr.	Cr.
Printing & stationery	7,200	
Repairs	2,300	
Cost of Entertainments	1,400	
Sale of Tickets for annual dinner		1,750
Newspapers	1,500	
Hire of Hall		3,500
Profit on sale of liquors		2,350
Rent and rates	2,250	
Salaries	4,750	
Interest on Bank deposits		500
Cost of Annual Dinner	1,300	
Receipts from Billiards		4,500
Auditors fees	400	
Cash on hand	600	
Cash at bank	4,500	
Fixed deposits	10,000	
Sundry creditors		2,800
Investments	9,000	
Library books	6,200	
Furniture	9,500	
Stock of Liquors on 30 th June 2017	4,200	
Capital fund		26,300
	65,100	65,100

Of the subscriptions, Rs. 400 is paid in advance and there is also Rs. 350 in arrears. Depreciate Library Books and Furniture at 10%. Stock of stationery on 30th June, Rs. 1,800. Salaries to staff has accrued due Rs. 450.

11. On 31st Jan, 2013 a lease of premises is purchased for four years for Rs. 50,000 and it is decided to make provision for the replacement of the lease by means of an insurance policy purchased for an annual premium of Rs. 12,000.

Show the necessary ledger accounts for four years assuming that the renewal of the lease costs Rs. 50,000 on 1-1-2017.

12. M/s. Eastern trader, Delhi, opened a branch at Jaipur on 01-07-2016. The goods were sent by the head office to the branch invoiced at selling price of the branch which was 125% of the cost price of the head office.

The following are the particulars relating to the transactions of Jaipur Branch:

	Rs.
Goods sent to Branch (at cost to Head office)	2,80,000
Sales : Cash	1,25,000
Credit	1,75,000
Cash collected from debtors	1,56,000
Discount allowed	4,000

Spoiled cloth in bales written off at invoice price	500
Goods returned by debtors to branch	5,000
Cash sent to Branch for :	
Salaries	3,000
Freight outward	11,000
Other expenses (including godown rent)	6,000
Stock on 30 th June, 2017 at invoice price	55,500

Ascertain the profit or loss for the Jaipur Branch for the year ended 30-06-2017 by preparing accounts under Stock and Debtors system.

13. A trader keeps his books by single entry system. During the year 2016 he kept a cash book of which the following is an analysis.

	Rs.
Received from sundry debtors	64,000
Additional capital introduced on 1-10-2016	8,000
Loan from Z at 16% p.a on 1-7-2016	10,500
Paid to sundry creditors	57,700
General expenses paid	3,900
Salaries paid	3,000
Drawings	4,000
Deposits in the Bank during the year	50,000

Withdrawals from the Bank during the year 36,000

The following balances existed on 1-1-2016:

	Rs.
Sundry Debtors	15,300
Sundry Creditors	11,500
Bank overdraft	8,000
Building	42,500
Stock	21,800
Cash Balance	600

The following balances existed on 31-12-2016:

	Rs.
Sundry Debtors	16,000
Sundry creditors	11,900
Stock	26,000

Depreciate building @ 5% and provide interest on Z's loan, Prepare Trading and Profit & Loss Account for the year ended 31st December 2016 and Balance Sheet as on that date.

14. Jyoti and Vikas were equal partners in a manufacturing business. On June, 30th 2017, they dissolved the firm on which date their Balance sheet was as below:

Liabilities	Rs.	Assets	Rs.
Creditors	28,000	Cash at bank	2,500
Less : reserve for discount	1,000	Debtors	42,000
	27,000	Less : Provision	2,000
Reserve for contingencies	5,000	Stock	32,000
Nrs. Vikas loan	10,000	Furniture	3,500
Reserve fund	15,000	Plant and machinery	25,000
Jyoti's loan	8,000	Prepaid expenses	1,000
Jyoti's capital account	21,000		
Vikas's capital account	18,000		
	1,04,000		1,04,000
	1,04,000		1,04,000

Stock, Debtors, Plant and machinery and Goodwill realized Rs. 27,000 ; Rs. 38,000; Rs. 20,000 and Rs. 5,000 respectively. Furniture did not realize any value. An amount of Rs. 6,000 was paid on account of contingent liabilities The expenses of realization were Rs. 1,000.

The firm had previously made some investment in shares of a Joint stock company and had written off this investment on finding it useless. The investment now realized Rs. 1,500.

Prepare necessary dissolution accounts of the firm.
