

DISTANCE EDUCATION**B.B.M. DEGREE EXAMINATION, MAY 2009.****FINANCIAL ACCOUNTING**

Time : Three hours

Maximum : 100 marks

SECTION A — (5 × 8 = 40 marks)

Answer any FIVE questions.

1. What is bank reconciliation statement? Why there is disagreement between bank balance as per passbook and as per cashbook?
2. Differentiate between consignment and Joint Venture.
3. Distinguish receipts and payments account from income and expenditure account.
4. What are the different accounting treatments of Goodwill?
5. When shares can be forfeited? What are the conditions for reissue of such shares?
6. Explain prudential accounting norms in banking company.
7. From the following particulars prepare Sales Book of M/s. Gyan Prasad and Bros. Delhi, dealers in stationery :
2008
July 1 Sold to Stationery Mart on credit
2 Reams white paper @ Rs. 15 per ream
July 2 Sold to Puran Chand and Co.
6 dozen Sulekha Inkpots @ Rs. 24 per dozen
July 10 Sold old newspapers for cash Rs.12

- July 25 Sold on credit to M/s. Rahim and Co.
10 Drawing Boards @ Rs. 7 per piece
- July 26 Sold to M/s. Jadish and Sons on credit
2 Transistors 'Janta model' @ Rs. 85 per piece
- July 30 Sold to Kay Cee and Co., on credit
4 Office Tables @ Rs. 120 per table

8. Unique Clothing Ltd. of Ahmedabad sent 100 "U" Shirts on consignment to M/s. Jain Bros. Delhi. The consignees are entitled to 5% commission plus their expenses which were as follows :

	Rs.
Freight	500
Cartage	10
Insurance, rent, etc.	100

The cost of each shirt was Rs. 60. M/s. Jain Bros. Sold the entire consignment for Rs. 9,000. Give journal entries and ledger accounts in the books of the consignor, assuming the consignees have remitted the sum due.

SECTION B — (4 × 15 = 60 marks)

Answer any FOUR questions.

9. On 30th June, 1998 a trader had an overdraft of Rs. 5,500 as shown by the bank column of his Cash Book. Cheques amounting to Rs. 1,500 had been paid to the bank but of these only Rs. 1,100 were credited in the Pass Book, up to the 30th June, 1998. He had also issued cheque amounting to Rs. 3,500 out of which only Rs. 2,150 worth cheques had been presented for payment. There is a debit in the Pass Book of Rs. 10 for Bank charges and Rs. 50 for interest. A customer of the trader had paid directly in to his bank Rs. 1,000 for credit of his account, but it was not shown in the Cash Book. The bank paid traders insurance premium Rs. 250 as per instruction, but this had not been recorded in the trader's Cash Book.

Prepare a Bank Reconciliation Statement on 30th June, 1998 and show the balance the Bank Pass Book will indicate on that day.

10. The following Trial Balance has been extracted from the books of Messrs Ram Prasad and Sons on 31st December, 2008.

	Rs.		Rs.
Dr. Balances :		Cr. Balances :	
Machinery	4,000	Capital	9,000
Cash at Bank	1,000	Sales	16,000
Cash in hand	500	Sundry Creditors	4,500
Wages	1,000	Interest received	300
Purchases	8,000		
Stock on 1 st Jan. 2008	6,000		
Sundry Debtors	4,400		
Bills Receivable	2,900		
Rent	450		
Commission	250		
General Expenses	800		
Salaries	500		
	<u>29,800</u>		<u>29,800</u>

Provide for interest on capital at 5 percent per annum. Depreciate machinery at 10 percent. Wages outstanding amount to Rs. 50. Rent prepaid amounts to Rs. 100. Stock on 31st December, 2008 amounts to Rs. 8,000.

Prepare Trading and Profit and Loss Account for the year ending 31st December, 2008 and Balance Sheet as on the last date of the year.

11. The following transactions took place between X and Y :

2009	Rs.
Jan 1 Balance due to Y	1,000
Jan 1 Sold goods to Y	500
Jan 1 Drew a bill on Y for one month	400

Jan 1	Purchased goods from Y due 9 th January	400
Jan 10	Accepted Y's draft for one month	400
Jan 21	Cash received from Y	190
Jan 21	Discount allowed to Y	10
Jan 25	Drew a bill on Y for 15 d/d	100
Jan 31	Cash paid to Y	200

Prepare an Account Current to be rendered by X to Y as on 31st January, 2009. Calculating interest @ 5 per annum.

12. Manohar of Delhi sent goods on consignment to Ram of Agra on 1st July, 2006. The cost of the goods was Rs. 6,000 and the invoice was made out at cost plus 25%. Manohar incurred Rs. 500 as expenses.

Ram received the goods on 3rd July, 2006 and immediately sent a promissory note for Rs. 3,000. He also spent Rs. 600 as expenses. On 31st December 2006, he sent an account sales showing that three-fourths of the goods had been sold for Rs. 7,000 and that one-fourth was still in stock. Ram is entitled to a commission of 6%. He is entitled to reimbursement of expenses. Alongwith, the account sales, the necessary remittance was enclosed. A customer who had purchased goods on credit to the extent of Rs. 500 would not pay.

Give important account in the books of Manohar.

13. The following is the Trial Balance as at 31st December 2008, of the Delhi Education Society :

Debit Balances	Rs.	Credit Balances	Rs.
Cash in hand	500	Capital fund	45,600
Cash at Bank-Current account	2,100	Subscriptions received :	
Fixed deposit @ 7%	10,000	2007	2,400
Government securities :		2008	32,300
Price fund	10,000	2009	1,700
Others	40,000	Grants from Government	24,000
Scholarships awarded	48,000	Prize fund	10,000
Prizes awarded	300	Interest on Government securities	2,000

Salaries	9,100	Life membership received	6,000
Rent	2,100	Entrance Fees	500
Miscellaneous expenses	1,900	Salaries outstanding	
Stationery on hand	500	1 st Jan 2008	1,500
Subscriptions outstanding		Subscriptions received in advance	
1 st Jan. 2008	2,100	1 st Jan. 2008	600
	<u>1,26,600</u>		<u>1,26,600</u>

Subscriptions still receivable for 2008 total Rs. 3,600. Salaries due but not yet paid totalled Rs. 1,300 on 31st December, 2008. Rs. 2,100 are still payable for scholarships for 1968. The Fixed Deposit was made on October 1, 2008.

Prepare the Society's Income and Expenditure account for 2008 and the accompanying Balance Sheet.

14. The following is the Balance Sheet of Ajay, Vijay and Kamal as on 30th June, 2007.

	Rs.		Rs.
Creditors	11,000	Land and Buildings	50,000
Bills payable	6,000	Furniture	7,500
Capital Accounts :		Stock	30,000
Ajay	40,000	Debtors	26,500
Vijay	33,500	Cash	1,500
Kamal	<u>25,000</u>		
	<u>98,500</u>		
	<u>1,15,500</u>		<u>1,15,500</u>

They share profit and losses in the ratio of 6 : 5 : 3. On 1st July, 2007, they agreed to admit Subodh into partnership and give him a share of 10 paise in the rupee on the following terms :

- (a) That Subodh should bring in Rs. 14,000 as capital.
- (b) The stock be depreciated by 10% and Furniture by Rs. 900.
- (c) That a reserve of Rs. 1,300 be made for outstanding repair bill.
- (d) That the value of Land and Buildings be brought up to Rs. 65,000.

(e) That a Goodwill Account be raised as Rs. 8,400 and be adjusted in the capital accounts of Ajay, Vijay and Kamal.

Pass necessary Journal entries to record the above arrangements and prepare the new Balance Sheet of the firm.
