

**DISTANCE EDUCATION****B.B.M. DEGREE EXAMINATION, MAY 2008.****FINANCIAL ACCOUNTING**

Time : Three hours

Maximum : 100 marks

**PART A — (6 × 5 = 30 marks)**Answer any **SIX** questions.

Answer to each theory question not to exceed one page.

1. What are the different types of cashbook?
2. Define a bill of exchange. Who are the parties to a bill?
3. State the features of a receipts and payments a/c.
4. For what purposes, securities premium can be utilized?
5. What are the various schedules prepared under bank profit and loss a/c?
6. Explain fixed and fluctuating capital a/cs of partners.
7. From the following particulars, prepare a Bank Reconciliation Statement showing the bank balance as per pass book as on 31-3-2005.
  - (a) Bank Balance as per cash book Rs. 16,400.
  - (b) Cheques deposited but not collected and credited Rs. 1,800.

(c) Cheques issued but not presented for payment Rs. 1,200.

(d) The pass book showed a credit of Rs. 400 for interest and a debit of Rs. 40 for bank charges.

(e) The pass book also contained a credit entry of Rs. 600 a payment made by one of the customers directly into the bank.

8. From the following details of consignment, calculate (a) abnormal loss (b) amount of abnormal loss to be charged to P/L a/c and (c) value of stock at the end.

(i) Consigned 10,000 litres of acid @ Rs.20 per litre.

(ii) Freight and insurance paid by the consignor Rs. 10,000.

(iii) 2,000 litres of acid was lost in transit due to breakage of jars and the insurance company paid Rs. 35,000 as compensation.

(iv) Consignee has spent Rs. 1,000 as selling expenses.

(v) Sales by the consignee – 5,700 litres of acid @ Rs. 25 per litre.

(vi) Normal loss allowed was 400 litres.

9. Kumar, a partner in a firm, has drawn the following amounts on half year ended 30th June 2003.

January 8	Rs. 440	April 10	Rs. 480
February 12	Rs. 400	May 6	Rs. 400
March 15	Rs. 500	June 8	Rs. 400

Interest is charged at 5% per annum. Ascertain average due date and the amount of interest.

PART B — (5 × 14 = 70 marks)

Answer any FIVE questions

10. From the following Trial Balance and adjustment of Mr. X, prepare his Final accounts for the year ending 30th Sep., 2003.

Sundry Debtors	32,000	
Stock (1st Oct. 2002)	22,000	
Cash Balance	1,580	
Bank overdraft		10,000
Plant & Machinery	17,500	
Sundry creditors		10,650
Trade expenses	175	
Goods sold		1,34,500
Salaries	2,225	
Carriage outwards	300	
Rent	900	
Bills payable		7,600
Goods bought	1,18,870	
Insurance	1,200	
Business premises	34,500	
Commission	500	
Capital		70,000
Carriage inwards	1,000	
	<u>2,32,750</u>	<u>2,32,750</u>

(a) The stock on 30th September 2003 was Rs. 11,000

(b) Rent Rs. 100 per month for the last quarter is unpaid.

(c) Depreciation Plant & Machinery 10% and business premises by 20% pa.

(d) Commission earned but not received amounts to Rs. 200.

(e) Carry forward unexpired insurance on 30th September 2003 Rs. 400.

11. The balance sheet of a firm was as follows as on 31-3-2002.

Liabilities	Rs.	Assets	Rs.
X's capital	5,000	Furniture	8,000
Y's capital	4,000	Stock	2,000
Z's capital	3,000	Book Debts	1,000
Sundry creditors	2,000	Cash at bank	3,000
Total	14,000	Total	14,000

The partnership was dissolved on 31-3-2002. The sundry creditors were paid at a discount of 5%. X agreed to take over the furniture at Rs.9,000. Y the stock at Rs. 1,500 and Z the book debts at Rs.600. The expenses of realisation came to Rs. 110. Close the books of the firm.

12. The Receipts and Payments Accounts for January to December, 2002 of the Karaikkudi Young Men's Indoor Recreation Club is given below :

EXPENDITURE	Rs.	INCOME	Rs.
To Donation	4,000	By Rent	9,000
To Life Membership		By Salaries	11,500
fees	5,000	By Furniture	2,000

EXPENDITURE	Rs.	INCOME	Rs.
To Entrance fees	2,500	By Electricity	600
To Subscription	6,750	By Bar purchases	20,000
To Bar receipts	25,000	By Journey	
To Journey receipts	1,800	expenditure	1,505
To Billiards fees	500	By Telephone	370
To Table	250	By Postage	120
To Card Room		By Bank balance	1,430
receipts	125	By Cash balance	400
To Grant from			
Calcutta Corpn.	1,000		
	46,925		46,925

(a) Donation entirely, 3/4 of the life membership fees and 1/2 of the entrance fees are to be capitalised.

(b) Subscriptions received in advance Rs. 250 and outstanding Rs. 1,000.

(c) Rs.200 was unrealised on Journey Account

(d) Rent was paid for 3 years in advance

(e) Salaries include an advance of Rs. 500

(f) Furniture is to be depreciated by 6%

(g) Bar stock as at 31 st December amounted Rs. 5000

(h) Telephone Rent had been paid up to March 2003.

You are required to draw up an income & expenditure accounts and balance sheet.

13. A company was incorporated with an Authorised capital of Rs. 60 lakhs in equity shares of Rs. 10 each. From the following balances and adjustments prepare the final accounts of the company in the required format.

Calls in arrears	75,000	Wages	8,48,650
Buildings	30,00,000	General expenses	68,350
Plant and machinery	33,00,000	Salaries	2,76,150
Interim dividend paid	3,92,500	Directors fees	57,250
Opening stock	7,50,000	Bad debts	21,100
Sundry debtors	8,70,000	Debenture	1,80,000
Goodwill	3,22,000	interest paid	
Cash in hand	4,06,500	Share capital	40,00,000
Purchases	18,50,000	12% Debentures	30,00,000
Bills Payable	8,05,000	P/L a/c	2,62,500
Preliminary exp.	50,000	General reserve	2,50,000
		Sales	41,50,000

Adjustments :

- Depreciate machinery by 15%
- Write off Rs. 5,000 from preliminary expenses.
- Closing stock value Rs. 9,50,000.

14. From the following figures relating to New Bank Ltd., prepare the Balance sheet with necessary schedules for the year ending 31-3-2000.

	Rs. '000
Share capital	3,500
Reserve fund	2,450
Fixed deposit a/cs	6,650
Savings bank a/cs	21,000

	Rs. '000
Current a/cs	56,000
Money at call and short notice	2,100
Investments at cost	21,000
P/L a/c (Cr.)(1-4-1999)	1,470
Dividends for 1999	350
Land (after depreciation up to 31-3-2000)	7,445
Cash in hand	420
Cash with RBI	10,500
Cash with other banks	9,100
Borrowings from other banks	4,400
Bills purchased and discounted	4,200
Sundry creditors	210
Bills payable	5,600
Unclaimed dividend	210
Bills for collection	980
Acceptances on behalf of customers	1,400
Net profit for 1999–2000	1,680

(After deducting provisions for bad debts Rs. 2,10,000 provision for tax Rs. 7,00,000 and rebate on bills discounted Rs. 35,000)

15. A, B and C carry on a business sharing profits and losses in the proportion of  $\frac{1}{2}$ ,  $\frac{3}{8}$  and  $\frac{1}{8}$  respectively. On 31-3-2001, they agreed to sell their business to a limited company. Their position was as follows :

	Rs.		Rs.
A's capital	40,000	Buildings	48,000
B's capital	30,000	Machinery	42,000
C's capital	26,000	Book debts	15,000
Loan on mortgage	16,000	Stock	23,000
Sundry creditors	18,000	Cash	2,000
	<u>1,30,000</u>		<u>1,30,000</u>

The company agreed to take over the business for Rs. 1,21,100. The expenses of realisation amounted Rs. 1,500. The loan was repaid by the partnership firm. Show the necessary ledger a/cs.

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