



**K16U 2054**

Reg. No. : .....

Name : .....

**III Semester B.B.A./B.B.A.R.T.M. Degree (CBCSS-Reg./Supple./Imp.)**  
**Examination, November 2016**  
**B.B.A./B.B.A.R.T.M. – Core Course**  
**3B04 B.B.A./B.B.A. (R.T.M.) : FINANCIAL ACCOUNTING**  
**(2014 Admn. Onwards)**

Time : 3 Hours

Max. Marks : 40

**SECTION – A**

Answer the 4 questions. **Each** question carries  $\frac{1}{2}$  mark.

1. What is GAAP ?
2. What is double entry system ?
3. What is sacrificing ratio ?
4. What is forfeiture of shares ?

**(4×½=2)**

**SECTION – B**

Answer **any four** questions. **Each** question carries **1** mark.

5. What is deferred revenue expenditure ?
6. Mention any four features of Balance Sheet.
7. What is Manufacturing Account ?
8. Define accounting concepts and accounting conventions.
9. Name the various terms used in connection with share capital of a company.
10. Explain about over subscription.

**(4×1=4)**

**SECTION – C**

Answer **any six** questions. **Each** question carries **3** marks.

11. Explain about the conventions of consistency, materiality and conservatism.
12. What are the differences between Trade discount and Cash discount ?
13. What are the accounting problems arising at the time of admission of a partner ?
14. Distinguish between Capital expenditure and Revenue expenditure.

**P.T.O.**



15. From the following figures you are required to prepare :

- i) Bad debts Account
- ii) Provision for bad debts account
- iii) Profit and Loss account.

April 1, 2014 Provision for bad debts	Rs. 2,500
March 31, 2015 Bad debts	Rs. 1,870
Debtors	Rs. 20,000

Make provision for bad debts at 5% on debtors.

16. Ram and Rahim are in partnership sharing profits and losses in the ratio of 3 : 2. They admit Joseph into partnership who pays Rs. 40,000 for his capital and Rs. 9,000 as his share of goodwill. Half of the goodwill is withdrawn by the partners. They agreed to share the profits and losses in the ratio of 4 : 3 : 3 in future.

Give necessary journal entries to record the above.

17. X, Y and Z were partners sharing profits in the ratio of 3 : 5 : 7. Z retires and his share is taken by X and Y in the ratio of 3 : 2. Find out the new profit sharing ratio and gaining ratio of X and Y.

18. M Ltd. took over assets of Rs. 7,00,000 and liabilities of Rs. 60,000 of N Ltd. for the purchase consideration of Rs. 6,60,000. M Ltd. paid the purchase consideration by issuing 12% debentures of Rs. 100 each at 10% premium.

Pass journal entries in the books of M Ltd.

(6×3=18)

#### SECTION – D

Answer **any two** questions. **Each** question carries **8** marks.

19. A and B are in partnership sharing profits and losses in the ratio of 3: 2. Their Balance Sheet as on 1<sup>st</sup> April 2014 showed the following position.

Liabilities			Assets	
Sundry Creditors	14,000		Cash at Bank	1,400
Bills Payable	6,000		Sundry Debtors	21,600
Bank Overdraft	20,000		Stock in Trade	15,000
<b>Capitals :</b>			Furniture and Fixtures	7,000
A	25,000		Buildings	50,000
B	30,000	55,000		
		<b>95,000</b>		<b>95,000</b>





On the above date they admit C into partnership on the following terms :

- 1) C should bring Rs. 20,000 as capital.
- 2) The goodwill of the firm should be valued at Rs. 30,000.
- 3) The assets should be revalued as under :
  - a) Buildings at Rs. 44,000
  - b) Furnitures and Fixtures at 10% less.
  - c) Stock-in-trade at Rs. 17,800
  - d) A provision of Rs. 800 be created for doubtful debts.

Open the ledger accounts necessary to give effect to the above arrangements and prepare the opening Balance Sheet of the new firm.

20. AB Ltd. issued for public subscription 50,000 equity shares of Rs. 10 each at a premium of Rs. 2 per share payable as follows :

On application : Rs. 2 per share ; on allotment Rs. 5 per share (including premium) ; on first call Rs. 2 per share ; on second call Rs. 3 per share.

Applications were received for 70,000 shares. Allotment were made pro-rata to the applicants for 60000 shares, the remaining applicants being refused. Money over paid on application was applied towards sums due on allotment.

X, to whom 1600 shares were allotted, failed to pay the allotment money and Y to whom shares were allotted, failed to pay the two calls. These were subsequently forfeited after the final call was made. Pass necessary journal entries.

21. Explain Financial accounting. What are its functions and limitations ? (2×8=16)
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