

**END TERM EXAMINATION****FIRST SEMESTER [B.COM] NOVEMBER-DECEMBER 2018****Paper Code: B.COM-103****Subject: Financial Accounting****(Batch 2017)****Time: 3 Hours****Maximum Marks: 75****Note: Attempt any five questions. All questions carry equal marks.**

- Q1 Define accounting. Explain and nature and objectives of accounting. How does it differ from book-keeping?
- Q2 "Transactions and events are guided by Generally Accepted Accounting Principles (GAAP) subject to laws of land". Explain and illustrate.
- Q3 (a) Discuss the different rules for journalising the transactions with appropriate examples.  
(b) What are 'Contra Entries' in columnar cash book? How are these recorded?
- Q4 State how the following must be dealt with in the final accounts of a firm for the year ending 31.3.2018, giving reasons:  
(a) Cost of a second hand scooter purchased on 1.10.2017 for Rs. 2,500, which was destroyed in an accident on 30.11.2017, the insurance company paying Rs. 900 in full settlement in April, 2018.  
(b) Cost of temporary shed erected for an exhibition on 1.7.2017, the exhibition being expected to be over by June, 2018; Rs. 17,000.  
(c) Advertisement expenditure of Rs. 20,000 paid on 30.03.2018, the advertisement in respect of which has appeared in the magazines only in April 2018.  
(d) Hire charges of Rs. 1,500 for a compressor, when the firm's own compressor was under break-down.
- Q5 A company purchased a second hand machine on January 1, 2014 for Rs. 37,000 and immediately spent Rs. 3,000 on its erection. On July 1, 2015 it purchased another machine for Rs. 10,000 and on July 1, 2016, it sold off the first machine for Rs. 28,000 and bought another one for Rs. 25,000. On July 1, 2017, the second machine was sold off for Rs. 1,000.  
Depreciation was provided on the machinery at 10% on the original cost annually on December 31 every year. In 2015, however the company changed the method of providing depreciation and adopted the written down value method, the rate of depreciation being 15% per annum.  
Give the machinery account for four years commencing from the acquisition of machine.
- Q6 What is the relevance of Inflation Accounting? Discuss the relative merits of the particular methods which have been developed in recent years to correct the distortion in accounting profits from a persistent and at time "run away inflation".
- Q7 What is a debenture and its redemption? Describe the various methods for redemption of debentures. Give examples.
- Q8 Reliance Ltd. offered for public subscription 10,000 shares of Rs. 10 each at Rs. 11 per share. Money was payable as under:  
Rs. 3 on application  
Rs. 4 on allotment  
Rs. 4 on first and final call  
Applications were received for 12,000 shares and the directors made pro rata allotment. A, an applicant for 120 shares, could not pay allotment and call money. B, a holder of 200 shares, failed to pay the call. All these shares were later on forfeited. Out of the forfeited shares, 150 shares (the whole of A's shares being included) were issued at Rs. 9 per share.  
Pass the journal entries for the above transactions.