

(Please write your Exam Roll No.)

Exam Roll No. 01490388519

END TERM EXAMINATION

FIRST SEMESTER [B.COM (HONS)] NOVEMBER-DECEMBER- 2019

Paper Code: B.COM-103

Subject: Financial Accounting

Time : 3 Hours

Maximum Marks :75

Note: Attempt any five questions. All question carry equal marks.

- Q1 What is meant by the term, 'Generally Accepted Accounting Principles'? Explain the meaning and significance of the following:
- The Going concern principle
 - Convention of consistency
 - Matching Principle

- Q2 Enter the following transactions in the appropriate type of the cash books, and post the same to the relevant ledger accounts:

2019	
July 01	Started business with an investment of Rs.9,000
July 02	Deposited in Bank of India, Rs. 7,000
July 04	Acquired a building by issuing a cheque of Rs. 5,000
July 10	Paid the bill of the furniture by cheque Rs. 1,000
July 15	Purchased Rs.800 of merchandise by cheque
July 18	Withdrew Rs. 100 from the bank.
July 20	Sold merchandise for Rs. 1,200
July 22	Deposited Rs. 2,000 into the bank
July 25	Bought Rs. 1,000 merchandise
July 26	Sold Rs. 1,500 merchandise by crossed cheque
July 27	Paid Rs. 100 by cheque as the premium insuring building against fire.
July 28	Paid freight Rs. 50
July 30	Withdrew from bank for personal use Rs. 500
July 31	Cleared electricity bill Rs. 90
July 31	Paid to Mahesh Rs. 1,080 in full satisfaction by cheque. We owed to Mahesh Rs. 1,100 for goods purchased.
July 31	Received from Suresh a cheque for Rs. 1,480 in full satisfaction of the debt of Rs. 1,510.

- Q3 The following are the extracts from the Trial Balance of a firm.

Trial Balance As on 31 December 2018			
Date	Particulars	Dr. (Rs.)	Cr. (Rs.)
	Sundry Debtors	50,000	
	Provision for bad Debts		5,000
	Provision for Discount		2,000
	Bad Debts	3,000	
	Discount	1,000	

Additional Information:

- Additional Bad Debts Rs. 1,000
- Additional Discount Rs. 500
- Create a provision for bad debts @10% on debtors.
- Create a provision for discount @5% on debtors.

Pass the necessary journal entries, prepare Provision for Bad Debts Account and Provision for Discount on Debtors Account and show how the different items will appear in the Firm's

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Final Accounts.

- Q4 A second-hand machinery was purchased on 1st January, 2015 for Rs. 6,000 and Rs. 4,000 were spent on its repairs and erection immediately. On 1st July 2016, another machinery was purchased for Rs. 26,000 and on 1st July, 2016, another machinery was purchased for Rs. 30,000. On the same date another machine was purchased for Rs. 25,000. On 1st July, 2018 the second machinery was also sold off and it fetched Rs. 23,000.
- Depreciation was provided on machinery at the rate of 10% on the original cost annually on 31st December. In 2017, the method of providing depreciation was change to the written down (diminishing value) method, the rate of depreciation being 15%.
- You are required to prepare machinery account for all calendar years mentioned above.
- Q5 a) What do you understand by a Provision? How is it different from Reserve?
b) Give the classification of different type of Reserves.
- Q6 X Ltd. Issued 60,000 shares of Rs. 10 each at a premium of 20% payable as follows:
On Application Rs. 5 (including premium); On Allotment Rs. 3; and On First and Final Call Rs. 4.
The company received applications for 75,000 shares and allotment was made as follows:
- List I Applicants for 40,000 shares were allotted in full.
List II Applicants for 25,000 shares were allotted 20,000 shares.
List III Applicants for 10,000 shares were allotted Nil shares.
- A shareholder to whom 200 shares were allotted under list I paid full amount due on shares along with allotment money. Another shareholder holding 600 shares failed to pay the amount due on call. His shares were forfeited and 500 of these shares were subsequently re-issued as fully paid @Rs. 11 per share.
- Expenses of issue came to Rs. 20,000 which were fully written off against securities premium a/c.
Pass journal entries and give balance sheet of the company.
- Q7 On 1st April, 2011 Appolo Ltd. Issued 2,000, 12% Debentures of Rs. 100 each repayable at par at the end of three years. It has been decided to set up a 'Sinking Fund' For the purpose of their redemption. The investments are expected to earn interest of 4% p.a. The Sinking Fund Table show that Rs. 0.320348 invested each year amounts to Rs. 1 @4% p.a. in three years.
- Investments were sold at par on 31st March 2014 and the Debentures were paid off. Pass Journal entries and prepare necessary accounts. Entries relating to interest on debentures may be ignored.
- Q8 What is a Stock exchange? What functions does it perform? Why do you think that surveillance of stock exchanges is required by the regulator?

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