

Indian Maritime University
(A Central University, Govt of India)
End Semester Examinations – June 2024
Programme Name: BBA (LRE)
Semester: II
Subject Code: UG31T3203

Subject Name: Principles and Practices of Financial Accounting

Date: 03.06.2024	Max Marks: 70
Duration: 03 Hrs	Pass Marks: 35

General Instructions

- (i) All Sections (A, B & C) are to be attempted.
- (ii) Options, if any, are specified in respective section.

Section A

Ten MCQs/Fill in the Blanks of 01 Mark each – Choose the correct answer as applicable.

1. Which of the following statements is true?
 - (a) Authorised capital = issued capital
 - (b) Authorised capital > issued capital
 - (c) Paid up capital > issued capital
 - (d) None of the above.
2. When the auditor is an employee of the organisation being audited, the audit is classified as _____
 - (a) Internal
 - (b) External
 - (c) Compliance
 - (d) Both A and B
3. Share premium money can be used for
 - (a) Issue of fully paid bonus shares
 - (b) Payment of debentures
 - (c) Payment of dividend
 - (d) Writing of goodwill
4. In company final accounts, debentures are recorded under____
 - (a) Long term borrowings
 - (b) Short term borrowings
 - (c) Other non-current liabilities
 - (d) Loans and advances

5. An audit programme is a set of _____ which are to be followed for proper execution of audit.
 - (a) Rules
 - (b) Policies
 - (c) Instructions
 - (d) All of these
6. Working papers which contain a record of the audit work are property of the
 - (a) Company
 - (b) Auditor
 - (c) Registrar of companies
 - (d) Government of India
7. Debentures represent
 - (a) The investment of equity shareholders.
 - (b) Director's shares in a company
 - (c) Long term borrowings of a company.
 - (d) All of these.
8. Ownership of goods under hire purchase agreement is transferred at the time of:
 - (a) Payment of down payment
 - (b) Payment of first instalment
 - (c) Payment of last instalment
 - (d) None of the above
9. The owner of an asset in a leasing arrangement is called the____.
 - (a) Lessor
 - (b) Lessee
 - (c) Guarantor
 - (d) Trustee
10. Rent and rates apportioned to different departments on the basis of
 - (a) Floor area occupied
 - (b) Number of workers
 - (c) Sales of each department
 - (d) Value of assets kept

Section B

Five Questions of 02 Marks each

11. Explain the advantages of departmental accounting?
12. State any two features of debentures
13. What are the importance of vouching?
14. Mention any two differences between operating lease and finance lease?
15. Explain the needs for internal audit?

Section C

Seven Questions of 10 Marks each of which any 05 questions to be answered.

- 16.X Ltd. Issued 5000 shares of Rs.10 each at a premium of Rs.5 per share. The amount was payable as Rs.3 on application, Rs.7 on allotment (including premium) and the balance on first and final call. All shares were subscribed by the public and all money duly received. Show the journal entries in the books of the company.
- 17.The godown of shoppers' shop caught fire on 15th September, 2016.Records saved from the fire shows the following:

Particulars	Rs.	Particulars	Rs.
Stock at cost on 01-04-2015	99000	Purchases (net) from 01-04-2016 to 15-09-2016	297000
Stock at cost on 31-3-2016	145200	Sales (net) from 01-04-2016 to 15-09-2016	405900
Purchases (net) for the year	937200		
Sales(net) for the year	1188000		

Gross profit had maintained at uniform rate. The stocks salvaged were worth Rs.11880 and the same were retained by the organisation. The godown was insured. Prepare the Memorandum Trading a/c for the period 1-4-2016 to 15-09-2016 and find out the amount of claim that can be made.

- 18.From the following Trial balance, prepare Departmental Trading and Profit & Loss a/c, for the year ending 31st March 2023.

Particulars	Rs. ('000)	Particulars	Rs.('000)
Stock , 1 st April 2022		Lighting and heating	210
A Department	1700		
B Department	1450		
Purchases		Discount allowed	222
A Department	3540		
B Department	3020		
Sales		Discount received	65
A Department	6080		
B Department	5125		
Wages		Advertising	368
A Department	820		
B Department	270		

Rent , rates, taxes and insurance	939	Carriage inward	234
Sundry expenses	360	Furniture and fittings	300
Salaries	300	Machinery	2100
Sundry Debtors	606	Drawings	450
Sundry Creditors	1860	Cash at bank	1007
Capital account	4766		

The following further information is available:

- (a) Internal transfer of goods from A to B Department Rs.42000
- (b) The items Rent, rates, taxes and insurance, sundry expenses, lighting and heating, salaries and carriage are to be apportioned $\frac{2}{3}$ rd to A department and $\frac{1}{3}$ rd to B Department.
- (c) Advertising is to be apportioned equally
- (d) Discounts allowed and received are to be apportioned on the basis of Departmental sales and purchases (excluding Transfers)
- (e) Depreciation at 10 per cent per annum on Furniture and Fittings and on Machinery is to be charged $\frac{3}{4}$ th to A Department and $\frac{1}{4}$ th to B Department.
- (f) Services rendered by B Department to A Department are included in its wages Rs.50000
- (g) Stock on 31st March, 2023 in A Department was worth Rs.1674000 and in B Department Rs. 1205000.

19. Write the format for the profit and loss account of a Company as per the companies Act 2013.

20. Explain advantages and disadvantages of audit programme?

21. Explain the difference between hire purchase system and instalment purchase system?

22. Explain the objectives and importance of verification of assets and liabilities?