

Indian Maritime University
(A Central University, Govt. of India)
March/April 2024 - Supplementary Examinations

Programme: BBA (LRE)

Semester: II

Subject Code: UG31T3203

Subject: Principles and Practices of Financial Accounting

Date: 19.03.2024

Max Marks: 70

Duration: 03 Hrs

Pass Marks: 35

General Instructions

All Sections (A, B & C) are to be attempted.
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. Items of expenses not connected with any department are _____
 - (a) Charged to departments on the basis of total sales
 - (b) Charged to the General Profit & Loss account
 - (c) Charged to departments on the basis of fixed assets employed
 - (d) None of the above
2. Unclaimed dividend is shown under _____
 - (a) Current liabilities
 - (b) Current assets
 - (c) Reserves and surplus
 - (d) None of the above
3. Power is allocated on the basis of _____
 - (a) H.P
 - (b) No of light points
 - (c) Area
 - (d) No: of employees
4. Calls in arrears is to be _____
 - (a) Shown as debtors
 - (b) Reduced from share capital
 - (c) Shown as investments
 - (d) ignored
5. A company is registered with which share capital?
 - (a) Authorised capital
 - (b) Subscribed capital
 - (c) Issued capital
 - (d) Reserve capital

6. Proving the truth means vouching of _____.
 (a) Payment
 (b) Expenses
 (c) Assets
 (d) Liabilities
7. The amount of securities premium reserve cannot be used for :
 (a) Writing off preliminary expenses
 (b) Writing off the amount of discount on issue of debentures
 (c) Issuing bonus shares to shareholders
 (d) Transferring to general reserve
8. A financial lease in which the lessee sells an asset to the lessor and then leases it back is called a _____.
 (a) Operating lease
 (b) Finance lease
 (c) Tax- oriented lease
 (d) Sale and leaseback
9. _____ is the purchase price payable if full payment is made immediately.
 (a) Market price
 (b) Cash price
 (c) Hire purchase price
 (d) Down payment
10. The purpose of internal audit is to protect the
 (a) Assets
 (b) Audit staff
 (c) Accountant
 (d) Management

Section B

Five Questions of 02 Marks each

11. How companies are classified under control basis and liability basis, list any two each.
12. How amount of claim is derived using average clause under fire insurance
13. Differentiate between Audit and Inspection
14. What are the routine checking in Auditing?
15. Explain Annual Turnover and Standard Turnover under Insurance Claims

Section - C

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

16. Fine Ltd. Acquired land costing Rs.100000 and in payment allotted 1000 equity shares of Rs.100 each as fully paid. Further the company issued 4000 equity shares to the public. The shares were payable as follows:
 On application Rs.30, on allotment Rs.30 and on First call and final call Rs.40. The public applied for all the shares which were allotted. All moneys were received except the call on 200 shares. Give journal entries and balance sheet of the company
17. Explain the various principles governing an audit?
18. Enumerate the objectives of internal control?

19. M/S Suman Enterprises has two departments, finished leather and shoes. Shoes are made by the firm itself out of leather supplied by Leather Department at its usual selling price. From the following figures, prepare Departmental Trading and Profit & Loss Account for the year ended 31 st March 20X3.

	Finished Leather Department	Shoes Department
Opening stock as on 01.04.20X2	30,20,000	4,30,000
Purchases	1,50,00,000	2,60,000
Sales	1,80,00,000	45,20,000
Transfer to shoes dept	30,00,000	-
Manufacturing expenses	-	5,00,000
Selling expenses	1,50,000	60,000
Rent and warehousing	5,00,000	3,00,000
Stock on 31.03.20X3	12,20,000	5,00,000

The following further information are available for necessary consideration:

- The stock in shoes department may be considered as consisting of 75% of leather and 25% of other expenses.
- The finished leather department earned a gross profit @ 15% in 20X1-20X2
- General expenses of the business as a whole amount to Rs.8, 50,000.

20. On 1st January, 2016 Sharda purchased a machine from Kusum on hire purchase basis. The particulars are as follows:

- Cash price Rs.10000
- Rs.4000 to be paid on signing the contract
- Balance in three instalments of Rs.2000 plus interest
- Interest charged on outstanding balance at 5%
- Depreciation at 10% p.a. on written down value method

Prepare Kusum's account in the books of purchaser.

21. Briefly explain the qualities of auditors?

22. A fire occurred on 25th April, 2016 in the premises of a company from the following particulars ascertain the amount of claim to be lodged in case of the loss of stock which was insured.

Stock on 1-1-2016	Rs.2,50,000
Purchases from 1-1-2016 to date of the fire	Rs.10,00,000
Wages	Rs.2,00,000
Manufacturing expenses	Rs.1,00,000
Sales from 1-1-2016 to the date of fire	Rs.15,00,000

The gross profit ratio is 15%. The stock salvaged was estimated at Rs.57, 500.
