

Indian Maritime University
(A Central University, Govt of India)
End Semester Examinations – December 2023

Programme Name: BBA (LRE)

Semester: II

Subject Code: UG31T3203

Subject : PRINCIPLES AND PRACTICES OF FINANCIAL ACCOUNTING

Date: 15.11.2023

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. 2,00,000; 8% preference shares of 100 each will come under Equity and Liabilities – Shareholder's Funds – Share Capital

(a) True (b) False (c) Neither True nor False (d) None of the above.

2. Goods are sent to the Branch at cost plus 25%. The loading on invoice price is:

(a) 20% (b) 25% (c) 30% (d) None of the above.

3. In case of Hire Purchase ownership passes at the time of sale.

(a) True (b) False (c) Neither True nor False (d) None of the above.

4. In the hire purchase system interest charged by vendor is calculated on the basis of the outstanding cash price.

(a) True (b) False (c) Neither True nor False (d) None of the above.

5. The average clause is applicable when the actual loss is less than the sum assured

(a) True (b) False (c) Neither True nor False (d) None of the above.

6. Trial Balance would not disclose error of omission

(a) True (b) False (c) Neither True nor False (d) None of the above.

7. Goods costing 1,00,000 were insured for 50,000. Out of these goods 75% goods are destroyed by fire. The amount of claim with average clause will be

(a) 25,000 (b) 37,500 (c) 50,000 (d) 75,000

8. In the Stock and Debtors Method of accounting, balance of Branch Stock Account shows either Gross Profit or Gross Loss.

(a) True (b) False (c) Neither True nor False (d) None of the above.

9. Dividends are usually paid as a percentage of -----

(a) Authorized Share Capital (b) Net Profit

(c) Called up Capital

(d) Paid up Capital

10. A purchased machinery from B for a book value of 4,00,000. The consideration was paid by issue of 10% Debentures of 100 each at a premium of 25%. The debenture account was credited with -----

(a) 4,00,000

(b) 5,00,000

(c) 3,00,000

(d) 3,20,000

Section B

Five Questions of 02 Marks each

11. Explain the term calls in arrears.
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. Disclosure requirements "Share Capital" under Shareholder's Funds

Section C

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

16. What are the features of Auditing?
17. What are the objectives of internal control?
- 18 (A) Mr. X has applied for 1,000 shares of company ABC Ltd; paying application money at 2 per share but has been allotted only 600 shares. The shares has a face value of 10 and a premium of 2 per share, which are payable as on allotment 5 (including premium) and on final call 5. Now in case Mr. X doesn't pay allotment money and final call and his shares are forfeited. Pass Journal entries for the forfeiture.
- 18 (B) Modern Equipment Ltd issued 4,00,000, 12% debentures of 100 payable, 30 on application and 70 on allotment. The debenture were fully subscribed and all the money was duly received. As per the terms of issue, debentures are redeemable at 110 per debenture. Record necessary entries regarding issue of debentures.
19. Distinguish between branch accounts and departmental accounts
20. what are the basic principles to be followed, while governing an audit?
21. Mr. X purchased a machine under hire purchase system. 3,00,000 being paid on delivery and the balance in 5 instalments of 6,00,000 each, payable annually on 31st December. The cash price of the machine was 30,00,000. Calculate the amount of interest for each year.

22. The following purchases were made by a business house having 3 depts. Cost of goods purchased 10,00,000. The rate of profit is same in each case. Prepare departmental trading account. Assume that all purchased units have been sold away.

DEPT	Purchases (Units)	Opening Stock (Units)	Sales (Units)	Rate/Unit
A	1,000	120	1,020	200
B	2,000	180	1,920	225
C	2,400	152	2,496	250