

D 43136

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Name.....

Reg. No.....

SECOND SEMESTER B.B.A. DEGREE EXAMINATION, MAY 2018

(CUCBCSS—UG)

Core Course

BBA IIB 02—FINANCIAL ACCOUNTING

Time : Three Hours

Maximum : 80 Marks

Part A

I. Objective Type Questions. Answer all *ten* questions :

A. Fill in the blanks :

1. According to the ———— concept, the proprietor is treated as a creditor to the extent of his capital.
2. Patent Right Account is a ———— account.
3. Research and development expenses are an example of ———— expenditure.
4. The balance sheet portrays the ———— of a business.
5. Income is the excess of ———— over expenses.

B. State whether the following statements are True or False :

6. Assets of a business entity will always equal the difference between total liabilities and owners equity.
7. Accounting information is useful to the owner only.
8. Revenue expenditure is not intended to benefit future period.
9. In hire purchase system, the ownership immediately passes to the vendor on down payment.
10. Under stock and debtors system no entry is required for normal loss of stock.

(10 × 1 = 10 marks)

Part B

II. Short answer type questions. Answer any *eight* questions from ten in two or three sentences each :

11. What is accounting ?
12. What are dual aspect concepts ?

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13. What is capital expenditure ?
14. Write a short note on profit and loss account ?
15. What is hire purchase system ?
16. What are branch accounts ?
17. What is front office department ?
18. What are working papers ?
19. What is revenue receipt ?
20. Give two objectives of preparing departmental accounts.

(8 × 2 = 16 marks)

Part C

III. Short Essay or paragraph questions. Answer any six questions from eight questions in 150 to 200 words :

21. What are the objectives of accounting ?
22. What are the differences between hire purchase and installment system ?
23. What are the objectives of branch account ?
24. The following are the ledger account balances of Mr. Y for the year ending 31-03-2017. Prepare a Trading account :

| | | Rs. |
|------------------------|-----|----------|
| Opening Stock | ... | 28,000 |
| Sales | ... | 1,84,000 |
| Purchase returns | ... | 6,000 |
| Carriage inwards | ... | 5,000 |
| Manufacturing expenses | ... | 3,200 |
| Purchases | ... | 72,000 |
| Sales returns | ... | 4,000 |
| Wages | ... | 8,000 |
| Power and fuel | ... | 2,800 |
| Closing Stock | ... | 30,000 |

25. On 1st January 2016 a Head Office opened a Branch at Madurai to which goods are sent at cost where sales are made both for cash and credit. The following relating to the branch for the year 2016 :

| | | Rs. |
|------------------------------|-----|--------|
| Good sent to branch | ... | 80,000 |
| Cheques sent to branch for | | |
| Rent | ... | 3,000 |
| Salary | ... | 4,000 |
| Office expenses | ... | 1,100 |
| Cash sales | ... | 62,000 |
| Credit sales | ... | 40,000 |
| Cash received from debtors | ... | 32,000 |
| Stock at branch on closing | ... | 6,000 |
| Debtors at branch on closing | ... | 8,000 |

Prepare Madurai Branch Account for the year 2016.

26. On 1st April 2016, reserve for doubtful debts account had a balance of Rs. 2,000. On 31st March 2017, sundry debtors amounted to Rs. 60,000. During the year bad debts written off were Rs. 1,500. A provision of 5% was required for the next year. Show how they appear in Profit and Loss account and Balance Sheet.
27. Cash price of asset purchased on hire-purchase system Rs. 75,000 Down payment Rs. 10,000.

Five annual instalments of Rs. 15,000 each

Rate of interest : 5%

Calculate interest included in each instalment.

Turn over

28. Prepare a Trial Balance from the following balances :

| <i>Name of the Accounts</i> | | <i>Rs.</i> |
|-----------------------------|-----|------------|
| Drawings | ... | 9,000 |
| Purchases | ... | 40,000 |
| Returns inwards | ... | 3,000 |
| Opening stock | ... | 16,000 |
| Salaries | ... | 8,400 |
| Wages | ... | 2,400 |
| Rent | ... | 700 |
| Bad debts | ... | 800 |
| Discount allowed | ... | 1,400 |
| Sundry debtors | ... | 28,000 |
| Cash in hand | ... | 520 |
| Cash at bank | ... | 11,880 |
| Insurance | ... | 800 |
| Trade expenses | ... | 600 |
| Printing | ... | 300 |
| Furniture | ... | 4,000 |
| Machinery | ... | 10,000 |
| Capital | ... | 48,000 |
| Sales | ... | 61,000 |
| Discount received | ... | 3,800 |
| Sundry creditors | ... | 20,000 |
| Bills payable | ... | 5,000 |

(6 × 4 = 24 marks)

Part D

IV. Essay questions. Answer any *two* questions in 600 to 800 words each :

29. Y purchased a Machine on hire-purchase system. The total cash price of the Machine is Rs. 15,980 payable Rs. 4,000 down, and three instalments of Rs. 6,000, Rs. 5,000 and Rs. 2,000 payable at the end of the first, second and third year respectively. Interest is charged at 5% p.a. Charge depreciation at 10% on straight line method. Prepare Machinery account and Hire Vendor account in the books of Y.
30. M and Co. has its Head Office at Delhi and Branch at Nagpur. The following transactions took place in the year 2016 :

| | | Rs. |
|-----------------------------|-----|----------|
| Opening stock | ... | 60,000 |
| Closing stock | ... | 36,000 |
| Opening debtors | ... | 30,000 |
| Opening petty cash | ... | 300 |
| Goods sent to branch | ... | 2,10,000 |
| Cash sales | ... | 1,20,000 |
| Cash received from debtors | ... | 60,000 |
| Cash sent to branch : | | |
| Rent | ... | 3,000 |
| Salaries | ... | 4,500 |
| Other expenses | ... | 4,500 |
| Goods returned by branch | ... | 3,000 |
| Goods returned from debtors | ... | 1,000 |
| Petty cash at end | ... | 210 |
| Closing debtors | ... | 1,20,000 |

Prepare the Branch account in the books of the Head Office.

Turn over

31. From the following Trial Balance of a trader prepare Trading and Profit and Loss account for the year ended 31st March 2017 and a Balance Sheet as on that date after considering the adjustments :

| <i>Particulars</i> | <i>Dr. (Rs.)</i> | <i>Cr. (Rs.)</i> |
|-----------------------------|------------------|------------------|
| Capital | ... | 96,800 |
| Land and Building | ... 35,000 | |
| Goodwill | ... 5,000 | |
| Opening stock | ... 17,250 | |
| Purchases | ... 82,750 | |
| Wages and salaries | ... 6,500 | |
| Coal and power | ... 3,500 | |
| Machinery | ... 25,000 | |
| Freight | ... 1,500 | |
| Royalties | ... 2,500 | |
| Sales | ... | 1,25,000 |
| Management expenses | ... 14,500 | |
| Bad debts | ... 4,800 | |
| Old provision for bad debts | ... | 1,400 |
| Bad debts recovered | ... | 600 |
| Drawings | ... 6,000 | |
| Debtors and creditors | ... 31,000 | 14,000 |
| Cash | ... 2,500 | |
| | <u>2,37,800</u> | <u>2,37,800</u> |

Adjustments :

- Closing stock is valued at Rs. 8,500.
- Write off Rs. 1,000 as bad debts.
- Provide 5% of debtors for bad debts.
- Royalty outstanding amounts to Rs. 500.

(2 × 15 = 30 marks)