

C 5575

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Reg. No.....

Name.....

SECOND SEMESTER B.B.A. DEGREE EXAMINATION, MAY 2016

(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 A principle is _____ to the extent that the accounting information is not influenced by the personal bias of those who furnish the information.
- 2 Income is the excess of _____ over expenses.
- 3 The advance amount under hire purchase system is called _____.
- 4 Building expenses should be divided among the different departments according to the _____ by each department.
- 5 Profit and loss account of a business shows the _____.

(B) State whether the following statements are True or False :

- 6 Capital + Liabilities – Assets = Zero.
- 7 Sales – Gross Profit = Cost of Goods Sold.
- 8 There is no difference between higher purchase and instalment system.
- 9 'Bank overdraft' should be classified as current liability.
- 10 Prepaid expenses should appear as an asset in the balance sheet.

(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 Money measurement concept ?
- 12 What is capital expenditure ?
- 13 What is hire purchase system ?
- 14 What is meant by a department ?
- 15 What is a trading account ?

Turn over

- 16 What is accounting ?
 17 What is capital receipt ?
 18 Write short notes on the following :
 (a) Down payment.
 (b) Hire.
 19 What is branch accounting ?
 20 What is trial balance ?

(8 × 2 = 16 marks)

Part C

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

- 21 Mention the difference between a trial balance and a balance sheet.
 22 Distinguish between hire purchase system and instalment purchase system.
 23 A Delhi Head Office has a branch at Madurai to which goods are invoiced at cost plus 20%. From the following particulars, prepare Branch Account in the head office books.

	Rs.
Goods sent to branch	2,11,872
Total sales	2,06,400
Cash Sales	1,10,400
Cash received from branch	
Debtors	88,000
Branch debtors on 1-1-2013	24,000
Branch stock on 1-1-2013	7,680
Branch stock on 31 -12-2013	13,440

24. The following are the ledger account balances of Mr. A for the year ending 31-03-2015. Prepare a Trading account relating to the year 2015 :

	Rs.
Opening stock	12,000
Purchases	50,000
Sales	75,000
Wages	5,500

	Rs.
Carriage in wards	4,500
Sales returns	5,000
Purchase returns	3,000
Import duty	8,500
Carriage outwards	2,500
Salaries	7,500

His closing stock was valued at Rs. 14,000.

25. On 1st January 2014 Leela purchased a machine from Kusum on hire purchase basis. The particulars are as follows :

- (a) Cash Purchase Rs. 10,000.
- (b) Rs. 4,000 to be paid on signing the contract.
- (c) Balance in three instalments of Rs.2,000 plus interest.
- (d) Interest charged on outstanding balance at 5%.
- (e) Depreciation at 10% p.a. on written down value method.

Prepare Kusum's Account in the books of purchaser.

26. Prepare a Trial Balance from the following balances :

Particulars	Rs.
Capital	47,500
Stock	9,000
Premises	12,000
Purchases	28,000
Sales	42,000
Purchase returns	550
Sales returns	450
Wages	1,000
Carriage inwards	450
Salaries	700
Bills Receivable	9,500
General expenses	500

Turn over

Particulars	Rs.
Discount paid	400
Drawings	800
Sundry debtors	5,150
Cash at bank	16,690
Insurance	360
Commission Received	300
Bills payable	7,500
Creditors	2,150
Furniture	2,000
Plant and machinery	13,000

27 A portion of the Trial Balance as on 31st December 2015 is as follows :

Sundry Debtors (Dr.) Rs. 20,000.

Bad debts (Dr.) Rs. 800.

It is estimated that 5% of sundry debtors is doubtful of recovery and is to be provided for.

Show how they appear in the Profit and loss account and Balance sheet.

28 What are the advantages of departmental accounts ?

(6 × 4 = 24 marks)

Part D

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

29 X purchased a car from Y costing Rs. 1, 50,000 on hire purchase system. Payment was to be made Rs. 30,000 down and remainder in 3 equal annual instalments together with interest at 5% p.a. X provides depreciation at 20% p.a. on diminishing balance basis. X paid the first instalment at the end of the first year but could not pay the next. Y took possession of the car. He spends Rs. 5,800 on the car and sold it for Rs. 80,000. Show the necessary ledger accounts in the books of both the parties.

- 30 Crown Industries, Mumbai has a branch at Madurai to which goods are invoiced at cost + 25%. The branch makes sales both for cash and on credit. Branch expenses are paid direct from Head office and the branch remits all cash to Head office.

From the following details, prepare the necessary ledger accounts in the head office books to calculate branch profits as per the Stock and Debtors System :

	Rs.
Goods received from Head office at I.P	60,000
Returned to Head office at I.P	1,200
Branch stock on 1-1-2006 at I.P	6,000
Cash Sales	20,000
Credit sales	36,000
Branch Debtors on 1-1-2006	7,200
Cash collected from Debtors	32,000
Discount allowed to debtors	600
Bad debts in the year	400
Goods returned by debtors to branch	800
Rent Rates and Taxes at branch	1,800
Branch office expenses	600
Branch stock at I.P. on 31 -12-2006	12,000

The difference in branch stock account is to be treated as surplus

31. From the following Trial balance prepare Trading Profit and Loss account for the year ended 31st March 2014 and a Balance sheet as on that date :

<i>Debit Balances</i>		<i>Credit Balances</i>	
	Rs.		Rs.
Purchases	1,20,500	Capital	52,000
Opening Stock	21,500	Sales	1,86,000
Salaries	14,000	Sundry creditors	10,900
Rent and rates	3,000		
Insurance	800		
General expenses	3,100		

Turn over

Wages	25,000	
Machinery	31,000	
Sundry debtors	20,000	
Cash in hand	3,000	
Drawings	7,000	
	<u>2,48,900</u>	<u>2,48,900</u>

Adjustments :

1. Salaries for the month of March still unpaid Rs. 1,600.
2. Insurance prepaid to the extent of Rs. 250.
3. Depreciate machinery by 10%.
4. Closing stock was valued at Rs. 26,000.
5. Create provision of 5% on sundry debtors for bad and doubtful debts.

(2 × 15 = 30 marks)