

C 24702

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Name.....

Reg. No.....

SECOND SEMESTER B.B.A. DEGREE EXAMINATION, MAY 2017

(CUCBCSS—UG)

Core Course

BBA II B 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 Accounting concepts may be considered as _____ upon which the science of accounting is based.
- 2 Salary paid is an example of _____.
- 3 Under instalment system the risk of loss is borne by _____.
- 4 Department accounts are prepared to know separately the _____ of each department.
- 5 Sales - purchase-operating expenses is equal to _____.

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

- 6 Capital = Net Assets.
- 7 The bad debts previously written-off, if recovered subsequently are credited to debtor account.
- 8 There is a difference between instalment purchase and credit sale.
- 9 An example of an intangible asset is goodwill.
- 10 Profit and loss account shows the financial position of the business.

(10 × 1 = 10 marks)

Turn over

Part B

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

- 11 What is Business entity concept ?
- 12 What is deferred revenue expenditure ?
- 13 What is net hire purchase price ?
- 14 Give two advantages of preparing departmental accounts.
- 15 What is balance sheet ?
- 16 What is accounting concepts ?
- 17 What is meant by financial statements ?
- 18 Write short notes on the following :
 - (a) Instalment.
 - (b) Net hire purchase charges.
- 19 State any two objectives of branch accounts.
- 20 What is a journal ?

(8 × 2 = 16 marks)

Part C

III. Short Essay or Paragraph questions. Answer any *six* questions from Eight in 150 to 200 words :

- 21 Briefly describe the objectives of accounting.
- 22 What are the objectives of departmental accounts ?

- 23 A head office at Cochin invoices goods to its Branch at Chennai at cost plus 25%. The branch also makes its independent purchases from outside for which payments are made by head office. All expenses are paid by the head office and all cash collections made by the branch are remitted to head office every day.

From the following particulars prepare the Chennai branch account as they would appear in the books of Cochin head office for the year ended 31st March, 2013 :

01-04-2012		Rs.
Sundry debtors	...	10,000
Stock : Head Office goods	...	12,000
Outside goods	...	15,000
31-03-2013		
Goods sent to branch	...	80,000
Bad debts	...	1,000
Discount allowed	...	3,000
Return inwards	...	12,000
Cash received from customers	...	90,000
Branch expenses	...	18,000
Cash sales	...	30,000
Total Sales	...	1,50,000
Purchases from outside	...	45,000
Stock : Head Office goods	...	16,000
Outside goods	...	20,000

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

		Rs.
Opening stock	...	38,000
Purchases	...	60,000
Sales	...	1,25,000
Wages	...	15,000
Carriage inwards	...	1,750
Sales returns	...	2,000
Purchase returns	...	1,250
Carriage outwards	...	1,000

His closing stock was valued at Rs. 40, 000.

Turn over

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

- (a) Cash Purchase Rs. 5,000.
- (b) Rs. 2,000 to be paid on signing the contract.
- (c) Balance in three instalments of Rs. 1,000 plus interest.
- (d) Interest charged on outstanding balance at 5%.
- (e) Depreciation at 10% p.a. on Written down value method.

Prepare Kusums's Account in the books of purchaser.

26 Prepare a Trial Balance from the following balances :

<i>Particulars</i>	Rs.
Capital	1,42,500
Stock	27,000
Premises	36,000
Purchases	84,000
Sales	1,26,000
Purchase returns	1,650
Sales returns	1,350
Wages	3,000
Carriage inwards	1,350
Salaries	2,100
Bills Receivable	28,500
General expenses	1,500
Discount paid	1,200
Drawings	2,400
Sundry debtors	15,450
Cash at bank	50,070
Insurance	1,080
Commission Received	900
Bills payable	22,500
Creditors	6,450
Furniture	6,000
Plant and machinery	39,000

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

Sundry Debtors (Dr.)	Rs. 60,000
Bad debts (Dr.)	Rs. 2,000

It is estimated that 10% 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 main types of branches from the accounting point of view ?

(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.75,000 on hire purchase system. Payment was to be made Rs. 15,000 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. 2,900 on the car and sold it for Rs. 40,000. Show the necessary ledger accounts in the books of both the parties.
- 30 M/s Bharath Enterprises Ltd. invoices goods to their various branches at cost, and the branches sell on credit as well as for cash. From the following details relating to Bangalore Branch, prepare necessary accounts in the books of head office :

	Rs.		Rs.
Stock on 1 st January, 2006	15,000	Return from customers	600
Stock on 31 st December, 2006	14,000	Bad debts written-off	500
Debtors on 1 st January, 2006	25,000	Discount allowed to customers	2,000
Debtors on 31 st December, 2006	35,000	Remittance from branch	70,000
Cash at branch on 1 st Jan. 2006	500	Rent and Taxes	15,000
Cash sent to branch	1,500	Wages and salaries	5,000
Goods Sent to branch	50,000	General Trade Charges	1,500
Goods returned by branch	500	Normal loss of goods due to wastage	1,000
Cash sales	32,000	Abnormal loss of goods due to pilferage	2,000
Credit sales	58,000		
Allowances to customers	300		

Turn over

31 From the following particulars, prepare Trading and Profit and Loss account and a Balance Sheet as on 31st March, 2005 :

<i>Debit Balances</i>		<i>Credit Balances</i>	
	Rs.		Rs.
Opening stock ..	11,000	Capital ..	25,000
Purchases ..	60,000	Wages outstanding ..	2,000
Salaries ..	7,500	Sales ..	94,000
General expenses ..	1,600	Creditors ..	5,500
Wages ..	13,000	Returns ..	500
Sundry expenses ..	200		
Insurance ..	350		
General expenses			
paid in advance ..	1,500		
Rent ..	800		
Debtors ..	10,000		
Cash in hand ..	2,050		
Machinery ..	15,000		
Drawings ..	3,000		
Returns ..	1,000		
	1,27,000		1,27,000

Adjustments :

- (1) Closing stock Rs. 16,500.
- (2) Insurance prepaid Rs. 50.
- (3) Rent Prepaid Rs. 100.
- (4) Salaries outstanding Rs. 500.

(2 × 15 = 30 marks)