

C 62535

(Pages : 6)

Name.....

Reg. No.....

**SECOND SEMESTER (CUCBCSS—UG) DEGREE EXAMINATION, MAY 2019**

B.B.A.

**BBA II B 02—FINANCIAL ACCOUNTING**

Time : Three Hours

Maximum : 80 Marks

**Part A**

I. Objective Type Questions. Answer all *ten* questions. Each question carries 1 mark :

A. Fill in the blanks :

- 1 Insurance Unexpired account is a \_\_\_\_\_ account.
- 2 A proprietor's Drawing Account is a \_\_\_\_\_ account.
- 3 Wages paid in the installation of new machinery constitutes \_\_\_\_\_ expenditure.
- 4 A reserve is a charge against \_\_\_\_\_.
- 5 Heavy advertising to introduce a new product or to explore a new market is \_\_\_\_\_ expenditure.

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

- 6 Accounting records the qualitative aspects of business.
- 7 The main aim of financial accounting is to prepare financial statements.
- 8 Repairs to a second hand motor car before it is put to use are capital expenditure.
- 9 The vendor has a right to repossess the goods sold on hire purchase even if all instalments are paid by purchaser in time.
- 10 Depreciation less furniture appears on the debit side of branch account.

(10 × 1 = 10 marks)

**Part B**

II. Short answer type questions. Answer any *eight* questions from ten in two or three sentences each. Each question carries 2 marks :

- 11 What are business entity concepts ?
- 12 What are accounting standards ?
- 13 What is revenue expenditure ?

**Turn over**

- 14 What is balance sheet ?
- 15 What is instalment system ?
- 16 What are departmental accounts ?
- 17 What is housekeeping department ?
- 18 What is a journal ?
- 19 Give two advantages of preparing departmental accounts.
- 20 State any two features of branches.

(8 × 2 = 16 marks)

**Part C**

III. Short Essay or paragraph questions. Answer any six questions from eight questions in 150 to 200 words. Each question carries 4 marks :

- 21 Discuss the scope of Financial Accounting.
- 22 What are the objectives of departmental accounts ?
- 23 What are the features of hotel business ?
- 24 The following are the ledger account balances of Mr. Z for the year ending 31-03-2017. Prepare a Trading account :—

	Rs.
Opening Stock	7,000
Sales	46,000
Purchase returns	1,500
Carriage inwards	1,250
Manufacturing expenses	800
Purchases	18,000
Sales returns	1,000
Wages	2,000
Power and fuel	700
Closing Stock	7,500

- 25 The General Merchants Ltd. Kanpur has a sales branch in Allahabad. From the following figures, prepare Allahabad Branch Account and also ascertain the profit or loss of the branch :

	Rs.
Goods sent to branch	30,000
Cash sent to branch for	
Rent, rates and taxes	2,000
Other expenses	1,500
Cash received from the branch	52,000
Stock at branch on 31 <sup>st</sup> December	4,500
Petty Cash in hand at branch	500

- 26 On preparing final accounts of a trader, bad debts account has a balance of Rs. 600 and sundry debtors account has a balance of Rs. 21,000 of which Rs. 1,000 is to be written-off as bad debts. Show how they appear in Profit and Loss account and Balance Sheet.

- 27 Cash price of asset purchase on hire purchase system Rs. 18,750.

Down payment Rs. 2,500.

Five annual instalment of Rs. 3,750.

Rate of interest : 5%

Calculate interest included in each instalment.

- 28 Prepare a Trial Balance from the following balances :

Name of the accounts	Rs.
Drawings	4,500
Purchases	20,000
Returns inwards	1,500
Opening stock	8,000
Salaries	4,200
Wages	1,200
Rent	350

Turn over

	Rs.
Bad debts	400
Discount allowed	700
Sundry debtors	14,000
Cash in hand	260
Cash at bank	5,940
Insurance	400
Trade expenses	300
Printing	150
Furniture	2,000
Machinery	5,000
Capital	24,000
Sales	30,500
Discount received	1,900
Sundry creditors	10,000
Bills payable	2,500

(6 × 4 = 24 marks)

**Part D**

IV. Essay questions. Answer any *two* questions in 600 to 800 words each. Each question carries 15 marks :

- 29 Z purchased a Machine on hire-purchase system. The total cash price of the Machine is Rs. 63,920 payable Rs. 16,000 down, and three instalments of Rs. 24,000, Rs. 20,000 and Rs. 8,000 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 Z.
- 30 M & Co. has its head office at Delhi and branch at Cochin. The following transactions took place in the year 2016 :

	Rs.
Opening stock	... 15,000
Closing stock	... 9,000



	Rs.
Opening debtors	... 7,500
Opening petty cash	... 75
Goods sent to branch	... 52,500
Cash sales	... 30,000
Cash received from debtors	... 15,000
Cash sent to branch :	
Rent	... 750
Salaries	... 1,125
Other expenses	... 1,125
Goods returned by branch	... 750
Goods returned from debtors	... 250
Petty cash at end	... 53
Closing debtors	... 30,000

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

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

Particulars	Dr. (Rs.)	Cr. (Rs.)
Sales		1,20,000
Purchases	85,000	
Import duty	5,000	
Factory expenses	3,000	
Office expenses	6,000	
Sundry debtors	30,000	
Commission		1,500
Bad debts	2,500	
Sundry creditors		28,500
10% Investments	20,000	

Turn over

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	Rs.
Opening stock	... 15,000
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Opening debtors	...	7,500
Opening petty cash	...	75
Goods sent to branch	...	52,500
Cash sales	...	30,000
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Turn over

Particulars	Dr. (Rs.)	Cr. (Rs.)
Interest on investments		1,500
Opening stock	15,000	
General expenses	3,000	
Cash in hand	2,000	
Machinery	40,000	
Capital		60,000
	2,11,500	2,11,500

**Adjustments:**

- Closing stock is valued at Rs. 21,500.
- Provide 5% of debtors for bad debts.
- Interest on investments for 3 months is outstanding.
- Commission received in advance amounts to Rs. 300.

(2 × 15 = 30 marks)