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(Pages : 6)

Name.....  
Reg. No.....  
Acc.....  
Book Arts & Science College  
Uttarakhand University  
APRIL 2020

SECOND SEMESTER B.Com./B.B.A. DEGREE EXAMINATION

(CUCBCSS—UG)

B.B.A.

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, a business is viewed as having an indefinite life.
- 2 Goodwill account is a \_\_\_\_\_ account.
- 3 Outstanding wages are classified as \_\_\_\_\_ expenditure.
- 4 The Profit and Loss Account shows the \_\_\_\_\_ or loss.
- 5 Trading account is a \_\_\_\_\_ account.

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

- 6 Accounting and book-keeping are two words with the same meaning.
- 7 Financial statements show the historical cost of assets.
- 8 Capital expenditure is any expenditure benefiting a future period.
- 9 There is no difference between hire purchase and installment system.
- 10 Under the stock and debtors system branch stock account is a nominal account.

(10 × 1 = 10 marks)

**Part B**

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

- 11 Define Accounting.
- 12 What are going concern concepts ?
- 13 What is trial balance ?

**Turn over**

- 14 What is deferred revenue expenditure ?
- 15 Write a short note on trading account.
- 16 What is a hotel ?
- 17 What is a maintenance department ?
- 18 Define Journal.
- 19 State any two objectives of branch accounts.
- 20 Write short notes on the following :—
  - (a) Instalment.
  - (b) Net hire purchase charges.

(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 limitations of accounting ?
- 22 What are the differences between hire purchase and sale ?
- 23 What are the advantages of department accounts ?
- 24 The following are the ledger account balances of Mr. X for the year ending 31-03-2017. Prepare a Trading account :

	Rs.
Opening Stock	14,000
Sales	92,000
Purchase returns	3,000
Carriage inwards	2,500
Manufacturing expenses	1,600
Purchases	36,000
Sales returns	2,000
Wages	4,000
Power and fuel	1,400
Closing Stock	15,000

- 25 From the following particulars, prepare Branch Account showing the profit or loss of the Branch :

		Rs.
Opening stock at the Branch	...	30,000
Goods sent to branch	...	90,000
Sales (Cash)	...	1,20,000
Expenses :		
Salaries	...	10,000
Other expenses	...	4,000

Closing stock could not be ascertained, but it is known that the Branch usually sells at cost plus 20%. The branch manager is entitled to a commission of 5% on the profits of the branch before charging such commission.

- 26 A portion of the trial balance on 31-03-2017 is as follows :

Sundry debtors Rs. 20,000

Bad debts 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 Profit and Loss account and Balance Sheet.

- 27 Cash price of asset purchased on hire-purchase system Rs. 37,500

Down payment Rs. 5,000

Five annual instalments of Rs. 7,500 each

Rate of interest : 5%

Calculate interest included in each instalment.

- 28 Prepare a Trial Balance from the following balances :

<i>Name of the accounts</i>		Rs.
Drawings	...	2,250
Purchases	...	10,000
Returns inwards	...	750
Opening stock	...	4,000

**Turn over**

<i>Name of the accounts</i>	...	Rs.
Salaries	...	2,100
Wages	...	600
Rent	...	175
Bad debts	...	200
Discount allowed	...	350
Sundry debtors	...	7,000
Cash in hand	...	130
Cash at bank	...	2,970
Insurance	...	200
Trade expenses	...	150
Printing	...	75
Furniture	...	1,000
Machinery	...	2,500
Capital	...	12,000
Sales	...	15,250
Discount received	...	950
Sundry creditors	...	5,000
Bills payable	...	1,250

(6 × 4 = 24 marks)

#### Part D (Essay Questions)

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

- 29 X purchased a Machine on hire-purchase system. The total cash price of the Machine is Rs. 31,960 payable Rs. 8,000 down, and three instalments of Rs. 12,000, Rs. 10,000 and Rs. 4,000 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 X.

- 30 M & Co. has its head office at Delhi and branch at Kanpur. The following transactions took place in the year 2016 :

		Rs.
Opening stock	...	30,000
Closing stock	...	18,000
Opening debtors	...	15,000
Opening petty cash	...	150
Goods sent to branch	...	1,05,000
Cash sales	...	60,000
Cash received from debtors	...	30,000
Cash sent to branch :		
Rent	...	1,500
Salaries	...	2,250
Other expenses	...	2,250
Goods returned by branch	...	1,500
Goods returned from debtors	...	500
Petty cash at end	...	105
Closing debtors	...	60,000

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 31st March 2017 and a Balance Sheet as on that date after considering the adjustments.

<i>Particulars</i>	Dr. (Rs.)	Cr. (Rs.)
Purchases	49,500	
Sales		81,000
Returns	1,500	2,000
Discount	2,200	1,300

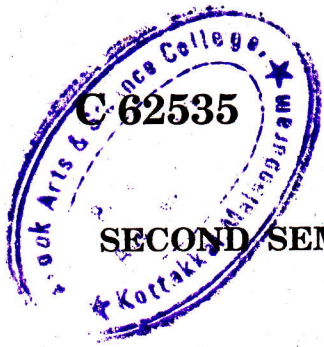
Turn over

<i>Particulars</i>	Dr. (Rs.)	Cr. (Rs.)
Bad debts ...	800	
Debtors and creditors ...	20,000	18,200
Old provision for bad debts ...		1,200
Opening stock ...	16,000	
Bank ...		2,500
Cash ...	2,200	
Printing and stationery ...	1,300	
Wages ...	2,500	
Salaries ...	3,500	
Leasehold premises ...	25,000	
Goodwill ...	15,000	
Capital ...		33,300
	<b>1,39,500</b>	<b>1,39,500</b>

**Adjustments :**

- Closing stock is valued at Rs. 19,800.
- Provision required for bad debts is 5%.
- Salaries outstanding Rs. 500.
- Closing stock of stationery is valued at Rs. 150.
- Depreciate lease hold premises by 20%.

(2 × 15 = 30 marks)



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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 :

<i>Name of the accounts</i>	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

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)

**D 43136**

(Pages : 6)

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 ?

**Turn over**

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 1<sup>st</sup> 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 1<sup>st</sup> April 2016, reserve for doubtful debts account had a balance of Rs. 2,000. On 31<sup>st</sup> 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 31<sup>st</sup> March 2017 and a Balance Sheet as on that date after considering the adjustments :

<i>Particulars</i>	Dr. (Rs.)	Cr. (Rs.)	
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>	

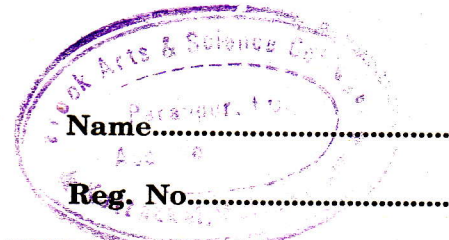
**Adjustments :**

- 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)

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(Pages : 4)



**SECOND SEMESTER B.Com./B.B.A. DEGREE (SUPPLEMENTARY)  
EXAMINATION, APRIL 2017**

(UG—CCSS)

Core Course

BC 2B 02/BB 2B 02—FINANCIAL ACCOUNTING

(2010 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

I. Answer *all* questions. Each question carries  $\frac{1}{4}$  weightage :

1 Spreading the cost of the tangible non-current asset over its useful life is called as :

- (a) Amortisation. (b) Depreciation.  
(c) Arbitrage. (d) Adjustment.

2 Which of the following is not a Personal Account under traditional approach ?

- (a) Capital. (b) Goodwill.  
(c) Salary outstanding. (d) Cash at Bank.

3 Life insurance premium paid shall be debited to :

- (a) Cash Account.  
(b) Insurance Premium Account.  
(c) Drawings Account.  
(d) Bank Account.

4 Which of the following accounts will not have a credit balance in the books of business ?

- (a) Bank Account. (b) Cash Account.  
(c) Capital Account. (d) None of these.

5 Accounting Standard 2 deals with \_\_\_\_\_.

6 The difference between hire purchase price and interest gives \_\_\_\_\_.

7 The amount received according to a deceased person's will to a non-trading firm is called \_\_\_\_\_.

8 Subscription in arrears will be appearing in the \_\_\_\_\_ side of the balance sheet of a non-trading firm.

Turn over

Match the following :—

- |  |                                   |
|--|-----------------------------------|
| 9 Wages paid on erection of machinery    | (a) Contingent Asset.             |
| 10 Salary to staff                       | (b) Deferred Revenue Expenditure. |
| 11 Heavy Advertisement on Product Launch | (c) Contingent Liability.         |
| 12 Compensation on suit pending in court | (d) Revenue Expenditure.          |
|  | (e) Capital Expenditure.          |

(12 × ¼ = 3 weightage)

II. Answer all *nine* questions. Each question carries 1 weightage.

- 13 What is an 'account' in book keeping ?
- 14 What do you mean by 'provision' ?
- 15 State the journal entry for adjusting unearned profit in departmental accounts.
- 16 What are the transactions recorded through Journal Proper ?
- 17 State the journal entry(s) for depreciation when depreciation is treated as a provision.
- 18 What is Amortisation ?
- 19 State the need for preparing Balance Sheet of a firm.
- 20 What is Default and Repossession in Hire Purchase ?
- 21 Is Receipts and Payments Account an Income Statement ? Why ?

(9 × 1 = 9 weightage)

III. Answer any *five* questions. Each question carries 2 weightage.

- 22 Discuss 'Matching Principle' of accounting with an example.
- 23 State the objectives of maintaining branch accounts.
- 24 State the limitations of Single Entry Book keeping.
- 25 Following relate to a firm during a financial year following incomplete records. Calculate the opening capital :—

Profit made during the year—Rs. 2,500.

Capital at the end—Rs. 6,000.

Capital introduced during the year—Rs. 2,000.

Drawings—Rs. 1,200.

- 26 Write a note on Capital Receipts.
- 27 The Travancore Hotel has 179 rooms in all, out of which 15 rooms are used for operational purposes and 4 rooms are occupied by the general manager and the departmental managers. If 136 rooms are occupied by the guests on 27<sup>th</sup> March 2013, calculate the room occupancy rate for the day.
- 28 Calculate cash price of the asset sold on hire purchase.

Down payment—Rs. 2,000.

Instalments paid annually together with interest @ 10 % were :

First year—Rs. 2,800 ; Second year—Rs. 2,600 ; Third Year—Rs. 2,400 ; and  
Fourth year—Rs. 2,200.

(5 × 2 = 10 weightage)

IV. Answer any *two* questions. Each question carries 4 weightage.

- 29 Discuss the allocation of different expenses and incomes in departmental accounts.
- 30 M Ltd. of Kolkata has a branch in Pune. Goods are invoiced at cost plus 25 %. Pune branch keeps its own sales ledger and transmits all cash received to Kolkata. All expenses are paid from Kolkata.

From the following details prepare Pune branch Account for the year 2014 :

	Rs.
Stock (1-1-2014) at invoice price	1,250
Stock (31-12-2014) at invoice price	1,500
Debtors (1-1-2014)	700
Debtors (31-12-2014)	900
Cash sale for the year	5,400
Credit sales for the year	3,500
Goods invoiced from Kolkata	9,100
Rent	400
Wages	340
Sundry Expenses	80

Turn over

31 Prepare Trading, Profit and Loss Account and Balance Sheet as on 31.3.2015 from the following Trial Balance of Mr. Imran :—

<i>Particulars</i>	<i>Debit [Rs. ]</i>	<i>Credit [Rs.]</i>
Capital	...	1,50,000
Bank Overdraft	...	25,200
Sales	...	9,03,000
Furniture	30,600	...
Business Premises	1,20,000	...
Creditors	...	79,800
Opening Stock	1,32,000	...
Debtors	1,08,000	...
Rent	...	6,000
Purchases	6,60,000	...
Discount	...	2,400
Insurance	16,000	...
Wages	24,000	...
Salaries	54,000	...
Advertisement	13,200	...
Carriage on Purchases	10,800	...
Provision for bad and doubtful debts	...	7,000
Bad debts	800	...
Income tax	4,000	...
	<u>11,73,400</u>	<u>11,73,400</u>

Adjustments :

- o Closing Stock on 31.03.2005 was Rs. 1,20,000
- o Make a provision of 5 % on Sundry debtors for bad and doubtful debts.
- o Rent received in advance Rs. 2,000
- o Provide 10 % depreciation on Furniture and Business Premises.

(2 × 4 = 8 weightage)

**C 24702**

(Pages : 6)

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 31<sup>st</sup> 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 1<sup>st</sup> 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 31<sup>st</sup> 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 <sup>st</sup> January, 2006	15,000	Return from customers	600
Stock on 31 <sup>st</sup> December, 2006	14,000	Bad debts written-off	500
Debtors on 1 <sup>st</sup> January, 2006	25,000	Discount allowed to customers	2,000
Debtors on 31 <sup>st</sup> December, 2006	35,000	Remittance from branch	70,000
Cash at branch on 1 <sup>st</sup> 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 31<sup>st</sup> 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)

C 5575

(Pages : 6)

Reg. No.....

Name.....

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

(CUCBCSS-UG)

Core Course

**BBA IIB 02—FINANCIAL ACCOUNTING**

Maximum : 80 Marks

Time : Three Hours

**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 1<sup>st</sup> 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 Kusums'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 31<sup>st</sup> 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 31<sup>st</sup> 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)