

C 82379

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Name.....

Reg. No.....

SECOND SEMESTER B.Com./B.B.A. DEGREE EXAMINATION, APRIL 2020

(CBCSS—UG)

B.B.A.

BBA 2B 02—FINANCIAL ACCOUNTING

(2019 Admissions)

Maximum : 80 Marks

Time : Two Hours and a Half

Part A

Answer all questions.

1. What is Capital receipt ?
2. What do you mean by Realization concept ?
3. What is accounting cycle ?
4. Opening capital Rs. 1,00,000, Closing capital Rs. 1,70,000. Drawings during the year 5000. What is the profit for the year ?
5. What is accounting standards ?
6. What do you mean by Bonus Share ?
7. Give journal entries relating to issue of debentures at premium.
8. What is meant by Repossession ?
9. Describe the term installment purchase system.
10. Define Branch Accounting.
11. What is branch adjustment account ?
12. What is forfeiture of shares ?
13. How do you treat accrued income in final accounts ?
14. Mr. Raheem Purchased a truck on hire purchase system paying Rs. 10,000 down payment and Rs. 20,000 annually of 10 years. The rate of interest charged by the vendor is 5% p.a. determine the cash price of the truck. Given the present value of an annuity of Re. 1 for 10 years at 5% as 7.7217.

Turn over

15. Following are the extracts from the Trial Balance of Mr. C :

Trial Balance

	Dr. (Rs.)	Cr. (Rs.)
Sundry debtors ...	10,000	
Bad debts ...	400	
Reserve for bad and doubtful debts ...		1,450

Adjustment :

- Write-off further bad debts Rs. 500 ;
- Create a provision for bad debts @ 5% of debtors ;
- Also Create provision for discount on debtors at 2% on debtors. Find the amount of bad and doubtful debt to be shown in P and L a/c.

(15 × 2 = 30, Maximum ceiling 25 Marks)

Part B

Answer all questions.

- Differentiate between Hire purchase and Installment purchase.
- "Accounting is an information system". Explain.
- From the following information prepare a Cash Book with cash and bank column :

2020

		Rs.
January 1	Balance of cash b/d	1,000
	Bank overdraft	3,000
January 2	Sold goods for cash	6,000
January 3	Paid into bank	4,000
January 5	Gave cheque to Sasi	2,000
January 7	Received from Abiram cheque	1,300
January 9	Rent paid by cheque	300
January 12	Sold goods for cash and banked the same	1,500
January 13	Sent to bank Abiram's cheque for collection	1,300
January 14	Drawing from bank	400
January 15	Draw from bank for personal use	300

19. Tata Iron and Steel Company Ltd had a total subscribed capital of Rs. 10,00,000. In equity shares of Rs. 10 each of which 7.50 were called up. A final call of Rs. 2.50 was made and all amounts paid except the two calls of Rs. 2.50 each in respect of 100 shares held by Mr. Abi. These shares were forfeited and re-issued at Rs. 8 per share. Make journal entries necessary to record transactions of final call, forfeiture and reissue.
20. Mr. Anil purchased a motor bike on 1st January 2017 from AR Motors. The cash price was Rs. 56,000. The purchase is on hire purchase basis. Rs. 15,000 being paid on signing of the contract and thereafter Rs. 15,000 annually for 3 years. Interest was charged at 5%. Depreciation was written-off at the rate of 20% p.a. on the reducing balance. Show the AR Motors a/c and Bike a/c in the books of Anil.
21. The Kozhikode Branch of ID Food Product Ltd. Wayanad, send the following trial balance to Wayanad on 31st December 2019. Prepare Trading and Profit and Loss account in the books of Branch.

Kozhikode Branch Trial Balance

<i>Particulars</i>	<i>Dr. (Rs.)</i>	<i>Cr. (Rs.)</i>
Stock on 01-01-2019	20,000	
Furniture	3,000	
Goods from Wayanad	1,00,000	
Sales		1,74,000
Purchases	20,000	
Return to Wayanad		800
Sales return	2,000	
Salaries	12,000	
General expenses	2,000	
Rent	1,080	
Bad debt	320	
Carriage	300	
Sundry debtors	18,000	

Turn over

Particulars	Dr. (Rs.)	Cr. (Rs.)
Sundry creditors	...	10,000
Bank balance	...	8,000
Allowance to customers	...	400
Bills receivable	...	8,000
Head Office account	...	10,300
Total
	<u>1,95,100</u>	<u>1,95,100</u>

22. Ajit, Choudhary and Vishal set up a partnership firm on January 1, 2019. They contributed 50,000, 40,000 and 30,000 respectively as their capitals and decided to share profits in the ratio of 3 : 2 : 1. The partnership deed provided that Ajit is to be paid a salary of Rs. 1,000 p.m. and Choudhary a commission of Rs. 5,000. It also provided that interest on capital be allowed @ 6% p.a. The drawings for the year were : Ajit 6,000, Choudhary 4,000 and Vishal 2,000. Interest on drawings 270 on Ajit's drawings, 180 on Choudhary's drawings and 90 on Vishal's drawings. The net amount of profit as per the profit and loss account for the year ended 2019 was 35,660.

You are required prepare the profit and loss appropriation account and the partners' capital accounts.

23. The following balances appeared in the books of The Worth Ltd. On 01-04-2019 :

Sinking fund account	...	50,000
Sinking fund investment account		
(10% Government Securities, nominal value 45,000)	...	48,000
12% Debentures	...	1,00,000

The company sold Rs. 30,000 Government Securities at 110% and utilized the amount to redeem part of the debentures at a premium of 10%. Show sinking fund account and sinking fund investment account.

(8 × 5 = 40, Maximum ceiling 35 Marks)

Part C*Answer any two questions.*

24. From the following Trial Balance you are required to prepare a Trading and Profit and Loss A/c for the year ended 31st March, 2020 and a Balance Sheet as on that date, after taking into consideration the additional information.

Trial Balance as on 31st March, 2020

<i>Particulars</i>		<i>Debit Amt.</i>	<i>Credit Amt.</i>
		<i>Rs.</i>	<i>Rs.</i>
Sundry Debtors	...	45,000	
Postage	...	500	
Machinery	...	30,000	
Opening Stock	...	15,000	
Furniture	...	8,000	
Purchases	...	5,700	
Wages	...	11,000	
Salaries	...	17,000	
Rent Paid	...	7,000	
Bad debts	...	1,000	
Cash in hand	...	3,000	
Motor Car	...	26,000	
Capital A/c	...		50,000
Bills Payable	...		3,000
Creditors	...		9,000
Sales	...		1,50,000
Bank loan	...		8,000
Outstanding wages	...		500
Total	...	<u>2,20,500</u>	<u>2,20,500</u>

Turn over

Adjustments :

- 1 Closing stock had a cost of Rs. 45,000 whereas the market price was Rs. 60,000.
- 2 Outstanding expenses - Salaries Rs. 1,500, Wages Rs. 2,000, Rent 1,200.
- 3 Repairs to Machinery of Rs. 2,000 were wrongly debited to Purchases.
- 4 Depreciate Machinery and Furniture at the rate of 10% each.
- 5 Interest on bank loan payable was Rs. 1,800.

25. M/s Ganga and Co. of Ernakulam submits the following particulars regarding the branch transactions of its Kozhikode branch for the year ended March 31, 2020 :

		H.O.	Branch
Stock on 1-4-2005	...	72,000	28,800
Goods purchased during the year	...	4,18,000	—
Indirect expenses	...	21,800	3,900
Goods sent to branch at invoice price	...	1,29,600	—
Sales	...	3,78,000	1,45,800
Goods received by branch	...	—	1,29,600
Goods sold to regional store	...	79,200	

Generally goods are invoiced to branch and regional store at 20% below the list price. The list price is calculated at 80% above the cost. Goods are sold to the customers at the list price by the HO and the branch both.

You are required to prepare the Trading and Profit and Loss A/c of the head office and the branch for the year ended on March 31, 2020.

26. X purchased from Y three cars costing 1,00,000 each on hire purchase system. Payment was to be made ; Rs. 60,000 down and balance in three equal installments together with interest at 15% per annum. X provides depreciation at 20% per annum on diminishing balance method. X paid the first installment at the end of the first year but could not pay the second installment; Y took possession of all the three cars. He spent Rs. 18,000 on repairs and sold them for Rs. 1,50,000.

Show the necessary ledger account in the books of both the parties.

(2 × 10 = 20 marks)