

C 81705

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Name.....

Reg. No.....

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

(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 :

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

**Turn over**

<i>Name of the accounts</i>		<i>Rs.</i>
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.

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

Turn over

Particulars	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
	<u>1,39,500</u>	<u>1,39,500</u>

Adjustments :

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

(2 × 15 = 30 marks)