

SECOND SEMESTER B.B.A. DEGREE EXAMINATION, MAY 2011

(CCSS)

B.Com. Core Course

BC 2B 02—FINANCIAL ACCOUNTING

(Common with B.B.A. Core Course B B11 B02)

Three Hours

Maximum : 30 Weightage

Part A

*This part consists of three bunches of questions carrying equal weightage of 1.
Each bunch consist of four questions.
Answer all questions.*

1. Choose the correct alternative :

1 Making provision for doubtful debt is on the basis of the convention of :

- (a) Disclosure. (b) Consistency.
(c) Conservatism. (d) Materiality.

2 Which of the Accounting standard is not having the correct title ?

- (a) AS. 32 Financial Instruments—Disclosures.
(b) AS. 31 Financial Instruments—Presentation.
(c) AS. 3 Funds Flow Statement.
(d) AS. 26 Intangible Assets.

3 Find the odd one out :

- (a) Carriage. (b) Carriage outward.
(c) Carriage inward. (d) Wages.

4 Which is the correct equation ?

- (a) Assets + Equity = Liabilities. (b) Assets - Liability = Owner's fund.
(c) Outside liability + Reserve = Equity. (d) Asset + Reserve = Equity.

(4 × ¼ = 1 weightage)

5. State True or False :

- 5 Discount column on the debit side of a cash book represents discount allowed account.
6 Premium paid on the life policy of the proprietor is debited to Profit and Loss Account.

Fill in the blanks :

- 7 Excess of debit over credit in trading account means _____.
8 Cash remitted by branch to H.O. but not received by H.O. is called _____.

(4 × ¼ = 1 weightage)

Turn over

III. Match column A with column B :

Column A	Column B
9 Statement of Affairs	(a) Hire purchase.
10 Interest suspense account	(b) Single Entry.
11 Contra entry.	(c) Hotels.
12 Room Rate	(d) Cash book.

(4 × ¼ = 1 weight)

Part B

*Answer all questions in one or two sentences each.
Each question carries a weightage of 1.*

- 13 List the systems of accounting.
- 14 Give two limitations of Accounting standards.
- 15 Write the journal entry for discount received.
- 16 When a suspense account is opened ?
- 17 What is a branch adjustment account ?
- 18 What is Hire purchase price ?
- 19 Name the methods of keeping departmental accounts.
- 20 What do you mean by interest accrued ?
- 21 What is instalment payment system ?

(9 × 1 = 9 weight)

Part C

*Answer any five questions.
Answer not to exceed one page each.
Each question carries a weightage of 2.*

- 22 Distinguish between Hire Purchase and Sale.
- 23 From the following, prepare Trading Account :

	Rs.
Opening stock (1-1-2009) ...	25,000
Goods purchased ...	1,35,000
Goods taken for private use ...	5,000
Freight and packing charges ...	5,000
Stock at close ...	15,000
Sales ...	1,90,000
Selling expenses on sales ...	9,000

- 24 Babu started business on 1-1-2009 with a capital of Rs. 2,50,000. He immediately bought furniture for Rs. 60,000. During the year he borrowed Rs. 1,50,000 from his wife and introduced a further capital of his own amounting to Rs. 95,000. He had withdrawn Rs. 9,000 at the end of each month for family expenses. On 31-12-2009 his position was as follows :

Cash in hand Rs. 6,000 ; Bank Rs. 78,000 ; Sundry Debtors Rs. 1,44,000 ;
Sundry Creditors Rs. 2,04,000 ; B/R Rs. 48,000 ; Sundry creditors Rs. 15,000 ; Rent due Rs. 4,500.

Furniture to be depreciated by 10 %. Ascertain profit or Loss during 2009.

- 25 A Maruthi car is purchased on hire purchase system paying Rs. 20,000 down 90,000 at the end of first year Rs. 80,000 at the end of second year 70,000 at the end of third year and Rs. 60,000 at the end of fourth year. Interest rate is 20 % p.a.
Calculate the cash price of the car and the interest included in each instalment.
- 26 Honda Spares, Chennai has a branch at Kottayam at which complete sets of books are kept. Give journal entries in the books of H.O. assuming that books are closed on 31st December :
- Goods valued at Rs. 35,000 were transferred from H.O. on 28th December reached the branch only on 2nd January, next year.
 - A remittance of Rs. 60,000 made by branch to H.O. in December has not reached the H.O. till the closing date.
 - Depreciation on fixed assets of branch (accounts being maintained at H.O.) Rs. 18,000.
 - Branch collected Rs. 6,000 from a H.O. customer at Kochi.
- 27 Sri Pathik arrives at a way-side hotel at 2 p.m. on 15th June, 2009 and a room is let out to him on European plan at Rs. 250 for every night spent plus 10 % service charge. Calculate the amount payable by him in each of the following circumstances :
- if he checks out at 7 p.m. on 15th June 2009 itself.
 - if he checks out at 8 a.m. on 16th June 2009.
- 28 Classify the following expenditures and receipts as capital or revenue giving reasons :
- Rs. 10,000 spent as travelling expenses of the directors on trips abroad for purchase of capital assets.
 - Amount received from debtors during the year.
 - Amount spent on demolition of building to construct a bigger building on the same site.
 - Insurance claim received on account of a machinery damaged by fire.

(5 × 2 = 10 weightage)

Part D

Answer any two questions.

Each question carries a weightage of 4.

- 29 The Balance Sheet of Thahir on 1-1-2009 was as follows :

	Rs.		Rs.
Creditors	... 15,000	Plant and Machinery	... 30,000
Expenses payable	... 1,500	Furniture	... 3,000
Capital	... 50,000	Stock	... 13,000
		Debtors	... 14,000
		Bank	... 6,500
	<u>66,500</u>		<u>66,500</u>

During 2009, his profit and loss account revealed a net profit of Rs. 15,300. This was after allowing for the following :—

- Interest on capital at 6 % p.a.
- Depreciation on Machinery at 10 % and on furniture at 5 %.
- A provision for doubtful debts at 5 % of the debtors as at 31-12-2009.

Turn over

But while preparing the Profit and Loss Account he had forgotten to provide for : (i) outstanding expenses Rs. 1,800 and (ii) pre-paid insurance Rs. 200. His current assets and liabilities 31-12-2009 were :

Stock Rs. 14,500 ; Debtors Rs. 20,000 ; Bank Rs. 10,350 ; Creditors Rs. 11,400.

During the year he withdrew Rs. 6,000 for domestic use.

Draw up his Profit and Loss Account (Revised) and Balance Sheet at the end of the year.

30 Given below is the Receipts and Payments Account of the National Club for the year ended 31st March 2010 :

<i>Receipts</i>		Rs.	<i>Payments</i>		Rs.		
To	Balacne b/d	...	1,025	By	Salaries	...	60
	Subscriptions :				General Expenses	...	8
	2008-09	...	40		Entertainment expenses	...	43
	2009-10	...	2,050		Newspapers	...	15
	2010-11	...	60		Municipal taxes	...	5
	Donations	...	540		Charity	...	35
	Proceeds of entertainment	...	950		Investment (Govt. Bonds)...	2,000	
	Sale of waste paper	...	45		Electricity	...	14
					Balance c/d	...	89
			<u>4,710</u>				<u>4,710</u>

Prepare the Club's income and Expenditure Account for the year ended 31st March 2010 and the Balance Sheet as on that date, after considering the following :—

- (a) There are 500 members each paying an annual subscription of Rs. 5 and Rs. 50 is in arrear for 2008-09.
 - (b) Municipal taxes amounting to Rs. 40 p.a. have been paid up to 30th June 2010, Rs. 50 for salaries is outstanding.
 - (c) Buildings stand in the books at Rs. 5,000 and it is required to write off depreciation 5 % p.a.
 - (d) 6 % p.a. interest is accrued on Government Bonds for 5 months.
- 31 Department A sells goods to Department B at normal market price. From the following particulars, prepare a Departmental Trading and Profit and Loss Account for the year ended 31-3-2010 :

	A	B
	Rs.	Rs.
Opening stock	...	15,000
Purchases	...	2,50,000
Goods from Dept. A	...	—
Wages	...	15,000
Salaries (Departments)	...	7,000
Closing stock at cost to Dept.	...	80,000
Sales	...	2,60,000
Printing and Stationery	...	2,500
Machinery	...	—
Advertisement (General)	...	12,000
Salaries (General)	...	18,000

Depreciate machinery by 10 %. The general unallocated expenses are to be apportioned in the ratio of 2 : 1 to the departments A and B.