

Reg. No. :

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B.B.A. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2018.

Third Semester

Business Administration – Main

FINANCIAL ACCOUNTING

(For those who joined in July 2017 onwards)

Time : Three hours

Maximum : 75 marks

SECTION A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. The principle of Accountancy which recognizes the double aspect of the business transactions is known as _____ concept.
 - (a) Entity
 - (b) Dual aspect
 - (c) Accrual
 - (d) Objectivity

2. Making the provision for doubtful debts in anticipation of actual bad debts is on the basis of _____.
- (a) Convention of Disclosure
 - (b) Convention of Consistency
 - (c) Convention of Conservation
 - (d) Convention of Disparity
3. Balance Sheet is a statement showing _____ of the organisation.
- (a) Financial position (b) Profit
 - (c) Liabilities (d) Loss
4. For the purpose of proving the arithmetical accuracy of the records, the statement prepared is known as _____.
- (a) Trading a/c (b) Ledger
 - (c) Trial Balance (d) Balance Sheet
5. Depreciation accounting is the process of _____.
- (a) allocation of cost
 - (b) valuation of assets
 - (c) provision for replacement of assets
 - (d) estimation of net profit

6. _____ refers to an asset becoming out of date due to improved models or methods.
- (a) Obsolescence (b) Disuse
(c) Inadequacy (d) Effluxion of time
7. A non-trading concern prepares _____ account.
- (a) Profit and Loss
(b) Trading and Profit and Loss
(c) Income and Expenditure
(d) Current
8. Income and Expenditure account is a nature of _____ account.
- (a) Real
(b) Nominal
(c) Personal
(d) Representative personal
9. _____ method is also called 'statement of affairs' method.
- (a) Net worth (b) Conversion
(c) Concession (d) Commission

10. Generally, under single entry system
- (a) only personal accounts are maintained
 - (b) all accounts are maintained
 - (c) only personal, cash and bank a/cs are maintained
 - (d) no account is maintained

SECTION B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) Explain different types of accounts.
- Or
- (b) What is a double entry system? Give its advantages.
12. (a) Explain the following :
- (i) Rectification in different stages of accounting cycle
 - (ii) Basic principles for rectification of errors.

Or

- (b) The following balances were extracted from the ledger of Roxan Engineering Works on 31st March 1997. You are required to prepare a trial balance as on that date in proper form.

	Rs.		Rs.
Drawings	6,000	Salaries	9,500
Capital	24,000	Sales Return	1,000
Sundry Creditors	43,000	Purchase Return	1,100
Bills payable	4,000	Travelling	
Sundry Debtors	50,000	expenses	4,600
Bill receivable	5,200	Commission paid	100
Loan from		Trading expenses	25,000
Karthik	10,000	Discount earned	4,000
Furniture and		Rent	2,000
fixtures	4,500	Bank overdraft	6,000
Opening Stock	47,000	Purchases	70,800
Cash in hand	900		
Cash at bank	12,500		
Tax	3,500		
Sales	1,28,000		

13. (a) Differentiate straight line method from written down value method.

Or

- (b) George Co. Ltd. purchased a machine on 1st January 1995 for Rs. 50,000. On 1st July 1995 further machinery was purchased for Rs. 25,000. On 1st July 1996, the machinery purchased on 1st January 1995 having become obsolete, was sold off for Rs. 20,000. Depreciation has to be charged at 20%. On the original cost assuming that the accounts are closed every year on 31st December. You are required to prepare :

- (i) Machinery A/C
- (ii) Provision for depreciation A/C.

14. (a) Write short notes on :

- (i) Life membership fees
- (ii) Donation
- (iii) Subscription.

Or

- (b) Prepare Receipts and Payments a/c of a club for the year ended 31st December 1999 from the following particulars :

	Rs.		Rs.
Opening balance of cash	40,000	Rent paid	1,200
Receipt of entrance fees	8,000	Payment for purchase	
Subscription received		of cricket balls	500
for 1999	16,000	Payment for purchase	
Previous year subscription		of cricket bats	1,600
received	1,600	Payment for	
paid salaries	2,000		
Paid for Miscellaneous		stationary in cash	100
expenses	200		

15. (a) Define single entry system and give its salient features.

Or

- (b) Moira, a retail merchant commenced business with a capital of Rs. 12,000 on 1.1.94. Subsequently on 1.5.94 he invested further capital of Rs. 5,000. During the year, he has withdrawn Rs. 2,000 for his personal use. On 31.12.94, his assets and liabilities were as follows :

	Rs.
Cash at Bank	3,000
Debtors	4,000
Stock	16,000
Furniture	2,000
Creditors	5,000

Calculate the profit or loss made during the year 1994.

SECTION C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Describe the Accounting conventions in detail.

Or

- (b) The petty cashier received Rs. 600 on April 1, 1999 from the head cashier. Prepare a petty cash book on the imprest system for the month of April 1999 from the following items :

		Rs.
3	Stamps	50
5	Taxi fare	100
6	Pencils and Pads	75
7	Registry	25
10	Speed post	45
12	Telegram	35
15	Refreshment	55
16	Auto fare	20
19	Tying Papers	60
20	Bus fare	15
22	Trunk Calls	43
25	Office cleaning	18
30	Courier services	17

Assume imprest amount of Rs. 600.

17. (a) Elaborate classification of errors.

Or

(b) The following are the ledger balance extracted from the books of Warner.

	Rs.		Rs.
Capital	50,000	Sales	3,01,000
Bank Overdraft	8,400	Return inwards	5,000
Furniture	5,200	Discount (Cr)	800
Business Premises	40,000	Taxes and Insurance	4,000
Creditors	26,000	General expenses	8,000
Opening stock	44,000	Salaries	18,000
Debtors	36,000	Commission allowed	4,400
Rent from tenants	2,000	Carriage on purchases	3,600
Purchases	2,20,000	Provision for doubtful debts	1,000
		Bad debts written off	1,600

Adjustments :

- (i) Stock on hand on 31.12.1995 was estimated as Rs. 40,120.
- (ii) Write off depreciation on Business premises Rs. 600 and furniture Rs. 520.

(iii) Make a provision of 5% on debtors for bad and doubtful debts.

(iv) Allow interest on capital at 5% and carry forward Rs. 1,400 for unexpired insurance.

Prepare Final Accounts for the year ended 31.12.1995.

18. (a) Write the difference between the year ended 31.12.1995.

Or

(b) A company whose accounting year is the calendar year, purchased on 1.1.93 a machine for Rs. 40,000. It purchased further machinery on 1.10.93 for Rs. 20,000 and on 1st July 1994 for Rs. 10,000. On 1.7.95, 1/4th of the machinery installed on 1.1.93 become obsolete and was sold for Rs. 6,800.

Show how the machinery account would appear in the books of the company for all the 3 years under Diminishing Balance Method. Depreciation is to be provided at 10% p.a.

19. (a) Enumerate the steps involved in the preparation of Final Accounts of non-profit organization.

Or

- (b) The following is the Receipts and Payment A/C of Delhi Football Club for the first year ending 31st Dec. 1987.

Receipts	Rs.	Payment	Rs.
To Donation	50,000	By Pavillion Office	
To Reserve Fund (Life membership fees and entrance fees received)	4,000	(constructed) By Expenses in connection with matches	40,000 900
To Receipts from football matches	8,000	By Furniture	2,100
Revenue Receipts :		By Investment at cost	16,000
To Subscriptions	5,200	Revenue Payments :	
To Locker rents	50	By Salaries	1,800
To Interest on securities	240	By Wages	600
To Sundries	350	By Insurance	350
		By Telephone	250
		By Electricity	110
		By Sundry expenses	210
		By Balance on hand	5,520
	67,840		67,840

Additional Information :

- (i) Subscriptions outstanding for 1987 are Rs. 250
- (ii) Salaries paid for 1987 are Rs. 170
- (iii) Wages paid for 1987 are Rs. 90
- (iv) Outstanding bill of the sundry expenses is Rs. 40
- (v) Donations received have to be capitalised.

Prepare Income and Expenditure A/C and Balance Sheet.

20. (a) What are the limitations of single entry system?

Or

- (b) From the following, calculate total sales.

	Rs.		Rs.
Bills receivable in		Bad debts written off	2,800
the beginning	7,800	Return Inwards	8,700
Debtors in the		Bills receivable at	
beginning	30,800	the end	6,000

	Rs.		Rs.
Bills receivable		Debtors at the end	25,500
encased during year	20,900	Cash sales (as per	
Cash received from		cash book)	40,900
debtors	70,000	Bill receivable	
		dishonoured	1,800
