

SECOND SEMESTER B.B.A. DEGREE EXAMINATION, APRIL/MAY 2013

(CCSS)

BC 2B 04/BB 11B 02—FINANCIAL ACCOUNTING

(2010 Admissions)

Time : Three Hours

Maximum : 30 Weightage

Part A

*This part Consists of three bunches of questions carrying equal weightage.
Each bunch has four questions.
Answer all twelve questions.*

A. Fill in the blanks :

- 1 The _____ Principle requires that the same accounting methods should be used from one accounting period to the next.
- 2 Petty Cashier generally works on _____ system.
- 3 The Journal is the basic book of _____ entry.
- 4 Returns inwards are deducted from _____.

B. Choose the correct answer from the alternatives given.

- 5 Recording of transactions in the Ledger is called :

(a) Journalising.	(b) Balancing.
(c) Posting.	(d) Tallying.
- 6 Which of the following is a direct expense ?

(a) Rent.	(b) Salaries.
(c) Interest.	(d) Wages.
- 7 Trial balance is a :

(a) Statement.	(b) Account.
(c) Journal.	(d) None of these.
- 8 While preparing final accounts of Restaurants, staff meals are treated as :

(a) Drawings.	(b) Labour cost.
(c) Salaries.	(d) Drawings.

Turn over

C. Answer in one word :

- 9 Under which system, the hire vendour, has the right to take back the goods when buyer fails to pay instalments ?
- 10 The opening capital under single entry system is ascertained by preparing _____
- 11 A gift or donation received by a non-trading concern as per the will of a deceased person is known as :
- 12 Assets which cannot be seen or touched are called.

(12 × ¼ = 3 weightage)

Part B

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

- 13 Define Accounting.
- 14 Distinguish between Capital expenditure and Revenue expenditure.
- 15 State any two objectives of accounting.
- 16 Give the Journal entry for purchase of goods from Mohan on account Rs. 10,000.
- 17 Distinguish between Debtors Ledger and Creditors Ledger.
- 18 What are Contingent assets ?
- 19 How will you treat Donations in the accounts of a non-trading concern ?
- 20 Give the Journal entry in the books of the Hire vender for goods repossessed Rs. 1,500 and entry in the books of Hire purchaser for goods taken away Rs. 5,000.
- 21 Distinguish between Hotel and Restaurant.

(9 × 1 = 9 weightage)

Part C

*Answer any five questions.
Each question carries a weightage of 2.*

- 22 What is an Income and expenditure account ? How is it different from a Receipt and Payment account ?
- 23 What are Departmental accounts ? How is it different from Branch Accounts ?
- 24 Define Hire Purchase. Distinguish between Hire purchase and Instalment System.

25 From the under mentioned particulars, prepare an Income and Expenditure Account for the year ended 31st March 2012.

The assets and liabilities as on 31-03-2011 were as follows :

Furniture : Rs. 50 ; Investments Rs. 25,000. Outstanding liabilities : Rent Rs. 800 ; Establishment Rs. 400 and printing Rs. 500.

RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31-03-2012

<i>Receipts</i>	Rs.	<i>Payments</i>	Rs.
Cash in hand 150	Establishment	... 2,400
Balance at bank	... 10,550	Rent	... 4,800
Donations	... 20,000	Printing	... 1,500
Subscriptions :		Meeting Expenses	... 500
2010—11	... 2,000	Library	... 16,000
2011—12	... 50,000	Purchase of 4 % G P Notes	... 50,000
2012—13	... 5,000	Furniture	... 2,000
Interest on Investment	... 750	Closing balance :	
		Cash	... 250
		Bank	... 10,000
	<hr/> 88,450 <hr/>		<hr/> 88,450 <hr/>

Additional information :

- (a) Rent outstanding at the end of 2012, March Rs. 1,000.
- (b) Subscription outstanding as on 31-03-2012 Rs. 3,500.
- (c) 20 % of the year's revenue surplus is to be capitalised for contribution to chief Minister's Relief Fund.

26 South India Incorporated invoiced to their North India Ltd., Branch during the year goods at selling price (being $33\frac{1}{3}$ % added to cost) amounting to Rs. 74,000. The credit sales of the branch were Rs. 31,000 and cash sales Rs. 17,000. The branch returned Rs. 2,000 Stock at Selling price and had returned from customers Rs. 1,000. The discount allowed to customers by the branch amounted to Rs. 1,200. The branch remitted to Head Office Rs. 38,600 being the amount of cash sales and amount from customers. The opening and closing stock of the branch were Rs. 15,000 (cost Rs. 11,250 and Rs. 39,000 (cost Rs. 29,250) respectively. The branch had Debtors Rs. 12,000 at the beginning and Rs. 19,200 at the end.

Prepare the Branch Account in the books of Head Office.

Turn over

27 From the following particulars of Four Rooms in a Hotel, draw up a suitable columnar ledger :

- (a) Rent for the Rooms at Rs. 500 + 15 % tax.
- (b) Room I breakfast Rs. 45 ; Laundry Rs. 50, Local Phone Rs. 15.
- (c) Room II : Launch Rs. 85 ; STD calls Rs. 125 ; Wine Rs. 60, Previous day's outstanding amount Rs. 1250.
- (d) Room III : Private Taxi hired from hotel Rs. 400 ; STD calls Rs. 350 ; Dinner Rs. 125 ; Whisky : Rs. 100, Deposited Rs. 3500 with the hotel.
- (e) Room IV : Opening due from the guest Rs. 575, Laundry Rs. 120.
- (f) The guest in Room No. III is a regular visitor and is entitled to a discount of 20 % on room rent.

28 Mr. Ganesh acquired a Motor Car from M & M Hires Ltd. On 1-1-2010.

The cash price of the Motor Car was Rs. 18,870. He agreed to pay Rs. 4,000 and delivery of the car to him and the balance in 4 half yearly instalments of Rs. 4000 each commencing with 30-6-2010. The M & M Hires Ltd. charges interest at 6 % p.a. as half yearly interest. Mr. Ganesh prepares his accounts annually on 31st December and writes off depreciation on Motor car at 20 %. Prepare the Account of M & M Hires. Ltd for the years 2010 and 2011 in the Books of Mr. Ganesh (Under Asset Accrual method).

(5 × 2 = 10 weightage)

Part D

Answer any two questions.

Each question carries a weightage of 4.

9 What do you mean by Accounting Standards ? State the advantages and limitations of Accounting standards. Also explain the functions of Accounting standards Board of India.

10 A Company has two departments viz. X and Y. Department X sells goods to department Y at normal market prices. From the following particulars, prepare a Trading and Profit and Loss Account of the two departments for the year ended 31st March 2012.

	Dept. X	Dept. Y	General
Opening Stock	10,000		
Purchases	2,30,000	20,000	
Goods from Dept. X		70,000	
Wages	10,000	16,000	
Salaries (Departmental)	6,800	4,200	
Closing Stock at cost the Dept.	50,000	18,000	

	Dept. X	Dept. Y	General
Sales	2,30,000	1,45,000	
Printing	2,000	1,600	
Machinery		12,000	
Advertisement			10,000
Salaries (General)			18,000

Depreciate machinery by 10 %. The general unallocated expenses are to be apportioned in the ratio of X = 3 Y = 2. The entire stock of Y department represents the received from X department.

31 Following is the Trial Balance of Anil Traders as on 31st December 2011.

	Rs.		Rs.
Drawing	12,000	Capital	1,00,000
Sundry debtors	70,000	Creditors	80,000
Cash on hand	3,000	Loan	45,000
Interest	2,000	Sales	1,60,000
Stock	40,000	Purchase returns	8,000
Cash at Bank	9,000	Discount	2,000
Bad debts.	4,000	Bills Payable	10,000
Land	90,000	Rent received	3,000
Sales returns	7,000	Provision for bad debt	5,000
Purchases	1,20,000		
Carriages inward	2,000		
Carriage outward	3,000		
Insurance	18,500		
Advertisement	11,000		
Wages	10,000		
Bills receivable	11,500		
	<u>4,13,000</u>		<u>4,13,000</u>

Additional information :

- (a) Closing stock on 31-03-2011 Rs. 60,000.
- (b) Prepaid insurance amounted for Rs. 500.
- (c) Depreciate Land at 5 % p.a.
- (d) Bad debt provision is to be increased by Rs. 1,000.
- (e) Provide for the manager's Commission at 5 % on the net profit after Charging such Commissions.

Prepare Trading Profit and Loss Account for the year ended 31-03-2011 and a Balance Sheet as on that date.

(2 × 4 = 8 weightage)