Name...

Reg. No..

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)

Time : 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.

I. 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) Wa

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.

State True *or* False :

(4 × ¼ = 1 weightage)

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

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 :

(a) Goods valued at Rs. 35,000 were transferred from H.O. on 28th December reached the branch only on 2nd January, next year.

(b) A remittance of Rs. 60,000 made by branch to H.O. in December has not reached the H.O. till the closing date.

(c) Depreciation on fixed assets of branch (accounts being maintained at H.O.) Rs. 18,000.

(d) 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 letout 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 :

(a) if he checks out at 7 p.m. on 15th June 2009 itself.

(b) 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 :

(i) Rs. 10,000 spent as travelling expenses of the directors on trips abroad for purchase of capital assets.

(ii) Amount received from debtors during the year.

(iii) Amount spent on demolition of building to construct a bigger building on the same site.

(iv) 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
	66,500		66,500

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

(a) Interest on capital at 6 % p.a.

(b) Depreciation on Machinery at 10 % and on furniture at 5 %.

(c) A provision for doubtful debts at 5 % of the debtors as at 31-12-2009.

Turn over

...nses Rs. 1,800 and (ii) pre-paid insurance Rs. 200. His current assets and liabilities on 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 :

Receipts		Rs.	Payments		Rs.
To Balacne b/d	...	1,025	By Salaries	...	600
Subscriptions :			General Expenses	...	80
2008-09	...	40	Entertainment expenses	...	430
2009-10	...	2,050	Newspapers	...	150
2010-11	...	60	Municipal taxes	...	50
Donations	...	540	Charity	...	350
Proceeds of entertainment	...	950	Investment (Govt. Bonds)	...	2,000
Sale of waste paper	...	45	Electricity	...	140
			Balance c/d	...	890
		4,710			4,710

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 still in arrear for 2008-09.

(b) Municipal taxes amounting to Rs. 40 p.a. have been paid up to 30th June 2010, and Rs. 50 for salaries is outstanding.

(c) Buildngs stand in the books at Rs. 5,000 and it is required to write off depreciation at 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 Rs.	B Rs.
Opening stock	...	15,000	—
Purchases	...	2,50,000	40,000
Goods from Dept. A	...	—	40,000
Wages	...	15,000	20,000
Salaries (Deparments)	...	7,000	5,000
Closing stock at cost to Dept.	...	80,000	20,000
Sales	...	2,60,000	1,45,000
Printing and Stationery	...	2,500	1,500
Machinery	...	—	15,000
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.

(2 × 4 = 8 weightage)