

(8 pages)

Reg. No. :

Code No. : 10409 E Sub. Code : AMBA 31

B.B.A. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2022.

Third Semester

Business Administration – Core

FINANCIAL ACCOUNTING

(For those who joined in July 2020 only)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Debtors account is a —————
(a) personal account (b) real account
(c) nominal account (d) cash account
2. Cash account opening balance will appear in —————
(a) credit (b) outside
(c) debit (d) inside

3. Trial balance is prepared to find out the
(a) profit or loss
(b) financial position
(c) arithmetical accuracy of the accounts
(d) competitive strength
4. Trading account is prepared to find out
(a) gross profit or loss (b) net profit or loss
(c) financial position (d) competitive position
5. The main objective of providing depreciation is
(a) to calculate true profit
(b) to calculate financial position
(c) to calculate tax burden
(d) to reduce profit
6. Under the diminishing balance method depreciation is calculated on —————.
(a) original value (b) written down value
(c) scrap value (d) market value
7. Non trading organisations
(a) Exist for the welfare of society
(b) Are set up as charity institutions
(c) Do not have profit motive
(d) All of the above

Page 2 Code No. : 10409 E

8. Limitations of receipts and payment account
(a) It is not able to find surplus and deficit of the organizations
(b) It does not account income and expenses on accrual basis
(c) It does not differentiate capital and revenue receipts and payments
(d) All of the above
9. IFRS are developed by the
(a) European Union
(b) Financial Accounting Standards Board
(c) International Accounting Standards Board
(d) International Monetary Fund
10. Expand ICAI
(a) The Institute of Cost Accountants of India
(b) The Institute of Cost Analysts of India
(c) The Institute of Chief Accountants of India
(d) The Institute of Chartered Accountants of India

PART B — (5 × 5 = 25 marks)

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

Each answer should not exceed 250 words.

11. (a) Explain the nature of financial accounting.
Or
(b) Discuss the limitations of financial accounting.

Page 3 Code No. : 10409 E

12. (a) How will you prepare trial balance?
Or
(b) Prepare Trading Account of Mr. Raju for the year ending 31st March 2020.
- | | Rs. |
|----------------------------|----------|
| Stock of good on 1.4.2010 | 25,000 |
| Stock of good on 31.3.2008 | 47,500 |
| Purchase - Cash | 1,19,500 |
| Sales - Cash | 1,66,000 |
| Returns to Suppliers | 2,500 |
| Returns by customers | 2,500 |
13. (a) A company purchased Machinery for Rs.1,00,000. Its installation costs amounted to Rs.10,000. It's estimated life is 5 years and the scrap value is Rs.5,000. Calculate the amount of depreciation.

Or

- (b) What are merits and demerits of written down value method?
14. (a) Briefly explain the steps in the preparation of Receipt and Payment Account.
Or
(b) Discuss the procedure adopted to prepare the Balance Sheet for non trading organisation.

Page 4 Code No. : 10409 E

[P.T.O.]

15. (a) Briefly explain the benefits of Indian accounting standards.

Or

- (b) Describe the need for convergence towards Global Standards.

PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

16. (a) Elucidate the principles of accounting

Or

- (b) Enter the following transactions in the cash book with discount cash and bank columns and show the balance.

- 1-1-2001 Cash in hand Rs.250 and at bank Rs.10,650.
 1-1-2001 Sold goods for cash and banked the proceeds Rs.5,700
 2-1-2001 Received a cheque from Govind for Rs.775 in full settlement of his account for Rs.790.
 3-1-2001 Sent Govind's cheque to bank for collection.
 6-1-2001 Bought goods and paid by cheque Rs.5,000.
 10-1-2001 Paid rent for the month of November by cheque Rs.500
 15-1-2001 Received a cheque for commission earned from Mr. Kalidas of Dharwar and sent the same to bank for collection Rs.600.
 20-1-2001 Bought postage stamp Rs.50.

Page 5 Code No. : 10409 E

17. (a) What is trading account? What are its uses?

Or

- (b) From the following balances are extracted from the books of M/s. Aditya and Co. on 31st December 2013. Prepare a Trading and Profit and Loss a/c for the year ended and a balance sheet as at that date:

Particulars	Debit Rs.	Particulars	Credit Rs.
Carriage outwards	580	Capital	7,160
Commission	320	Creditors	7,860
Carriage inwards	320	Commission	160
Wages	1,120	Bills Payable	1,200
Purchase	15,600	Sales	20,000
Insurances	440	Returns outwards	200
Rent and taxes	440		
Cash at Bank	1,900		
Returns inwards	520		
Stationery	180		
Interest on capital	280		
Stock on 1 st Jan 2003	400		
Bills receivable	1,800		
Sundry debtors	12,000		
Trade expenses	80		
Office furniture	400		
Cash in hand	200		
Total	36,580	Total	36,580

Page 6 Code No. : 10409 E

18. (a) Discuss the causes and importance of depreciation.

Or

- (b) Raj and Co. purchased a fixed asset on 1.4.2000 for Rs.2,50,000. Depreciation is to be provided @10% annually according to the Straight line method. The books are closed on 31st March every year. Pass the necessary journal entries, prepare Fixed asset Account and Depreciation Account for the first three years.

19. (a) From the following details prepare Receipts and Payments Account for the Swaraj Club for the year ended December 31,2012 were: Entrance fees Rs.300; Membership fees Rs.3,000; Donation for club pavilion Rs.10,000; foodstuff sales Rs.1,200; Salaries and wages Rs.1,200; Purchase of foodstuff Rs.800; Construction of club pavilion Rs.11,000; General expenses Rs.600; Rent and taxes Rs.400; Bank charges Rs.160.

Cash in hand on January 1st — Rs.200

Cash in hand on January 1st — Rs.200
 Cash in hand on December 31st — Rs.350
 Cash in bank on January 1st — Rs.400
 Cash in bank on December 31st — Rs.590

Or

- (b) Explain the steps in the Preparation of Income and Expenditure Account.

Page 7 Code No. : 10409 E

20. (a) Explain the procedure for issuing Indian accounting standards.

Or

- (b) Discuss the uses of International Financial Reporting Standards.

Page 8 Code No. : 10409 E