

Reg. No. :

Code No. : 10555 E Sub. Code : CMBA 31

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

Third Semester

Business Administration — Core

FINANCIAL ACCOUNTING

(For those who joined in July 2021 onwards)

Time : Three hours

Maximum : 75 marks

PART A — ($10 \times 1 = 10$ marks)

Answer ALL questions.

Choose the correct answer :

1. The main purpose of financial accounting is?
 - (a) To provide financial information to shareholders
 - (b) To maintain balance sheet
 - (c) To minimize taxes
 - (d) To keep track of liabilities

2. Bookkeeping mainly consists of _____ part of the accounting process.
- (a) Auditing the books of accounts
 - (b) Recording financial information
 - (c) Preparing financial statements
 - (d) Analysing
3. The account that records expenses, gains and losses is called _____
- (a) Nominal account (b) Personal account
 - (c) Real account (d) None of the above
4. The process of entering all transactions from the journal to the ledger is called _____
- (a) Accounting (b) Posting
 - (c) Entry (d) None of the above
5. Purchases book is used to record
- (a) All purchases of goods
 - (b) All credit purchases
 - (c) All credit purchases of goods
 - (d) All credit purchases of assets other than good

6. What is the primary purpose of a cashbook?
- (a) It records receipts and payments of cash
 - (b) It records payments of cash
 - (c) It records receipts of each
 - (d) It helps to compute the profit and loss of a business
7. Organise the order of the process of final accounting
- (a) Final accounts, journal, ledger
 - (b) Ledger, journal final accounts
 - (c) Journal, ledger, final accounts
 - (d) They do not have an order
8. A balance sheet
- (a) tabulates the assets and liabilities of the company on a date
 - (b) shows assets and liabilities of a company
 - (c) indicates the growth rate of the company
 - (d) both (a) and (b)
9. The depreciation remains constant according to which method?
- (a) sum of years digit (b) units of production
 - (c) declining balance (d) straight line method

10. What is scrap value?

- (a) The combined cost of purchase and installation of an asset can be depreciated minus its salvage value
- (b) The worth of a physical asset's components when the asset itself is deemed no longer usable
- (c) Represents the value of a company according to the stock market
- (d) The estimated resale value of an asset at the end of its useful life

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).
Each answer should not exceed 250 words.

11. (a) State the nature of accounting.

Or

(b) Describe the need for accounting.

12. (a) Distinguish between journal and ledger.

Or

(b) Prepare trial balance from the following :

Particulars	Rs.	Particulars	Rs.
Capital	9,000	Rent outstanding	1,000
Plant and machinery	12,000	Opening stock	2,000

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Particulars	Rs.	Particulars	Rs.
Purchases	8,000	Sales returns	4,000
Sales	12,000	Investments	14,000
Sundry creditors	8,000	Debtors	12,000
Bank loan	22,000		

13. (a) Prepare a day book and an invoice book from the following particulars :

2010

- July 1 Purchased 40 carpets from M/s. Vimal & Co. at Rs. 35 each
- 8 Sold 10 carpets to Raghul at Rs. 42 each
- 14 Purchased from Palani trading Co. 24 carpets at Rs. 60 each
- 20 Purchased 14 carpets from Mumbai trading Co, at Rs. 23 each
- 22 Sold for each 25 carpets at Rs. 46 each
- 30 Purchased for each 8 carpets at Rs. 10 each
- 31 Sold to M/s. Rubi & Co, 14 carpets at Rs. 52 each

Or

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- (b) Shobhana maintains a two columnar cash book which she balances every week.

2009		Rs.
March	25	Her cash book showed balance of 6,900
	26	Paid cash to Kailash 1,428
		Discount received 72
	29	Paid salaries 5,025
	30	Cash sales 11,370
	30	Withdraw cash for private expenses 1,020
	31	Received as compensation from railway authority 4,380
		Received cash from Shanthi Lal 3,975
		Allowed him discount 75

Prepare the double entry system.

14. (a) Give the format of manufacturing account.

Or

- (b) From the information given below prepare trading account.

Opening stock	1,00,000
Purchases	1,50,000
Purchase return	25,000
Direct expenses	10,000
Carriage inwards	5,000
Sales	4,00,000
Closing stock	50,000

15. (a) Justify the causes of depreciation.

Or

- (b) A company purchased a plant for Rs. 50,000. The useful life of the plant is 10 years and the residual value is Rs. 10,000. Find out the rate of depreciation under the straight line method.

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b)
Each answer should not exceed 600 words.

16. (a) Construct the concepts of accounting.

Or

- (b) Illustrate the accounting standard in India.

17. (a) Prepare the journal and post them into ledger from the following transactions :

- Kumali became insolvent. A first and final payment of 60 paise in a rupee was received from his official receiver. He owed a debt of Rs. 500
- Received cash for a bad debt written off last year Rs. 250
- Rent due to landlord Rs. 400
- Depreciation on office furniture Rs. 50
- Salaries due to clerks Rs. 2,000.

Or

(b) Prepare a trial balance for Shining brothers Pvt., Ltd., at March 31st, 2017?

Particulars	Rs.	Particulars	Rs.	Particulars	Rs.
Bank loan	14,000	Insurance	7,300	Equipments	40,000
Marketable security	6,500	Owner's investments	95,000	Maintenance	5,000
Bill payable	1,000	Rent	400	Miscellaneous	4,800
Unearned revenue	3,500	Acc. dep.—equip.	14,000	Accrued exp.	1,500
Debtors	12,000	Accrued revenue	15,000	Dep.exp. equip.	2,000
Outstanding salaries	2,500	Machinery	25,000	Unexpired insurance	8,500
Prepaid rent	2,000	Drawings	3,500	Vendor's payables	500

18. (a) Prepare a simple cash book from the following information.

2011
Jan

1. Mr. Ashvin started business with cash Rs. 95,000
3. Purchased furniture for office use Rs. 17,500
4. Purchased goods worth Rs. 11,000
7. Purchased machinery for Rs. 15,000
10. Sold goods of Rs. 14,300 to Sanket traders for cash
13. Received from Suyash Rs. 9,000

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2011
Jan

15. Withdrew Rs. 2,500 from business for personal use
19. Borrowed loan from Mr. Trilok Rs. 40,000
22. Purchased goods of Rs. 14,000 at 5% trade discount
26. Paid salary to staff Rs. 18,000
29. Paid carriage o goods purchased Rs. 1,400
30. Paid electricity bill Rs. 4,980
31. Deposited into bank Rs. 7,000

Or

(b) Enter the following transaction in a double column cash book of M/s Mohit traders for January 2010.

1	Cash in hand	3,500
2	Bank overdraft	2,300
3	Goods purchased for cash	1,200
5	Paid wages	200
10	Cash sales	8,000
15	Deposited into bank	6,000
22	Sold goods for cheque which was deposited into bank same day	2,000
25	Paid rent by cheque	1,200
28	Drew from bank for personal use	1,800
31	Bought goods by cheque	1,000

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19. (a) From the following trial balance, prepare profit and loss A/c for the year ended 31.12.2011 and a balance sheet as on that date

Trial balance			
Purchases	11,870	Capital	8,000
Debtors	7,580	Bad debts recovered	250
Return inwards	450	Creditors	1,250
Bank deposit	2,750	Return outwards	350
Rent	360	Bank overdraft	1,570
Salaries	850	Sales	14,690
Travelling expenses	300	Bills payable	1,350
Cash	210		
Stock	2,450		
Discount allowed	40		
Drawings	600		
	<u>27,460</u>		<u>27,460</u>

Adjustment :

- The closing stock on 31.12.2011 was Rs. 4,200
- Write off Rs. 80 as bad debts and create a reserve for bad debts at 5% on sundry debtors
- Gross profit Rs. 4,470
- Three months rent is outstanding.

Or

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- (b) From the following trial balance of Raghul, prepare trading and profit and loss account for the year ended December 31st 2013 and a balance sheet as on that date :

Trial balance		
Particulars	Dr. (Rs.)	Cr. Rs.
Capital		40,000
Sales		25,000
Purchases	15,000	
Salaries	2,000	
Rent	1,500	
Insurance	300	
Drawings	5,000	
Machinery	28,000	
Bank balance	4,500	
Cash	2,000	
Stock 1.1.2013	5,200	
Debtors	2,500	
Creditors		1,000
Total	<u>66,000</u>	<u>66,000</u>

Adjustments required :

- Stock on 31.12.2013 Rs. 4,900
- Salaries unpaid Rs. 300
- Rent paid in advance Rs. 200
- Insurance prepaid Rs. 90

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20. (a) Summarize the methods of depreciation.

Or

(b) On 1st January 2016, machinery was purchased for Rs. 2,50,000. On 1st June, 2017 additions were made by purchasing a machinery for Rs. 50,000. On 1st March 2018, another machinery was purchased for Rs. 32,000. On 30th June 2019, machinery of the original value of Rs. 40,000 on 1-1-2016 was sold for Rs. 30,000. Depreciation is charged at 10% on original cost. Show the machinery account for the years 2016 to 2019 closing the accounts on 31st December each year.
