(b) From the following details of a merchant, you calculate the results for the year ended 31.10.90 :

Position as on 1.11.89

Cash Rs. 200; Bank Rs. 1,800, Stock Rs. 6,000, A/c's receiveble Rs. 11,200, Fixtures Rs. 2,800, Machinery Rs. 18,000, A/c's payable Rs. 6,000 loan from a friend Rs. 4,000.

Position as on 31.10.90.

Cash Rs. 500, Bank Rs. 2,500, Stock Rs. 5,000 as a/c receivable Rs. 12,000, Fixtures Rs. 2,800, Machinery Rs. 17,200, A/c's payable Rs. 4,000.

During this year he introduced Rs. 5,000 as additional capital, and has drawn Rs. 500 per month interest due to friend's loan Rs. 120, provide doubtful debts at 10%.

Reg. No. : ....

Code No. : 12947 **Sub. Code : JMBA 33**

B.B.A. (CBCS) DEGREE EXAMINATION, NOVEMBER 2017.

Third Semester

Business Administration — Main

FINANCIAL ACCOUNTING

(For those who joined in July 2016 onwards)

Time : Three hours Maximum : 75 marks

SECTION A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Trial balance is prepared for

   (a) valuation of closing stock

   (b) checking arithmetical accuracy of accounting entries

   (c) ascertaining assets and liabilities

   (d) to know the financial position of a concern

2. An entry of Rs. 75 has been debited to Ram's a/c as Rs. 57 is an error of

(a) principle (b) commission

(c) omission (d) compensating

3. The excess of cost of goods sold over the sale proceeds is ————.

(a) net profit (b) operating profit

(c) gross profit (d) gross loss

4. Arithmetical accuracy of posting is the main principles of ————.

(a) trial balance (b) ledger book

(c) transaction (d) journal book

5. Any assets easily converted into cash refers to

(a) current assets

(b) liquid asset

(c) fixed assets

(d) non current assets

6. Revenue expenditure is useful for

(a) current period (b) future period

(c) definite period (d) none of these

7. Receipts and payments account is prepared on the basis of

(a) cash book

(b) income and expenditure account

(c) profit and loss a/c

(d) sales book

8. Donations received for a specific purpose is

(a) capital receipts

(b) revenue receipts

(c) liability

(d) asset

9. External causes of depreciation are

(a) wear and teer (b) obsolescence

(c) time factor (d) depletion

10. Opening debtors Rs. 12,000; Closing debtors Rs. 15,000; Cash received from debtors Rs. 25,000. What is the amount for sales

(a) Rs. 22,000 (b) Rs. 28,000

(c) Rs. 2,000 (d) Rs. 5000

SECTION B — (5 × 5 = 25 marks)

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

Each answer should not exceed 250 words.

11. (a) Define the term accounting. What are its advantages?

Or

(b) List out the different accounting concept.

12. (a) The following Trial Balance has been prepared wrongly. Prepare is correctly.

	Debit Rs.	Credit Rs.
Cash in hand	6,000	–
Machinery	–	20,000
Capital	–	22,000
Establishment expenses	–	2,000
Sales	30,000	–
Investments	–	4,000
Purchase returns	2,000	–
Sales returns	–	6,000
Purchases	17,000	–
Commission received	–	1,000
	55,000	55,000

Or

(b) What do you mean by capital expenditure? Give its same examples.

13. (a) What do you mean by depreciation? What are the causes of depreciation?

Or

(b) A machine was purchased on 1st July 2013 at a cost of Rs. 14,000 and Rs. 1,000 spent on its installation. The depreciation is written off at 10% p.a. on the original cost every year. The machine was sold for Rs. 9,500 on 31st March 2016. Show the machinery account for all the years.

14. (a) Write a short note on :

(i) Entrance fee

(ii) Life member fee.

Or

(b) From the following particulars, calculate the amount of subscriptions to be shown in the Income and Expenditure account for the year 2005.

(i) Subscriptions received as per receipts and payments account Rs. 28,680.

(ii) Subscriptions outstanding on 1.1.05 Rs. 2,400.

(iii) Subscriptions outstanding on 31.12.05 Rs. 3,000.

(iv) Subscriptions received in advance on 1.1.05 Rs. 1,800.

(v) Subscriptions received in advance on 31.12.05 Rs. 1,080.

15. (a) Mr. Manoj keeps his books of accounts under single entry system. His financial position was as follows :

	As on 1.1.2000	As on 31.12.2000
	Rs.	Rs.
Cash	9,860	800
Stock	38,520	57,020
Plant	54,420	61,000
Bills receivable	–	16,480
Debtors	24,840	43,940
Creditors	72,040	80,000
Furniture	4,960	5,220

Drawings Rs. 5,000; Additional capital Rs. 20,000; prepare statements of profits or loss for the year ended 31.12.2000.

Or

(b) What do you mean by single entry system? What are its limitations?

SECTION C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

16. (a) Pass journal entries in the books of Aravind for the following transactions :

(i) Aravind accepts a bill for Rs. 2,000 drawn by Mahesh.

(ii) A cheque for Rs. 2,000 and new bill for the remaining amount are issued by Ramesh to Aravind in the place of an old bill for Rs. 4,000.

(iii) A bill for Rs. 5,000 payable by Suresh in dishonoured.

(iv) Bills receivable accepted by Ramesh in discounted with the bank for Rs. 50.

Or

(b) Give rectification entries for the following errors :

(i) Plant sold for Rs. 500 entered in the sales book.

(ii) Goods worth Rs. 545 purchased from a merchant credited to his account as Rs. 454.

(iii) No entry is made for goods worth Rs. 250 taken by the proprietor.

(iv) Written off as bad debts during the last year, Rs. 1,000 received from Desai credited to his account.

17. (a) Differentiate between reserves and provisions.

Or

(b) A lease is purchased on 01.01.2000 for 5 years at a cost of Rs. 10,000. It is proposed to depreciate the lease by annuity method charging 5% interest. A reference to the annuity table shows that to depreciate Rs. 1 by annuity method over 5 years, charging 5% interest one must write off a sum of Re. 0.230975. Show the lease account.

18. (a) The following Trial Balance is extracted from the books of Mr. Subburaj on 31st December 2001 :

Debit balances :	Rs.
Furniture	600
Motor vehicles	6,500
Buildings	7,500
Insurance	300
Sundry debtors	3,800
Stock on January 1, 2001	3,500
Purchases	5,500
Sales returns	200

Advertising	450
Internet	200
Cash	650
Taxes	1,000
General expenses	800
Salaries	3,000
Credit balance :	
Capital	12,000
Discount	200
Sundry creditors	3,000
Sales	15,000
Bank overdraft	3,000
Purchase returns	200
Commission	600

The following adjustments are to be made :

(i) Closing stock on 31st December 2001 was Rs. 3,200.

(ii) Depreciate buildings at 5% furniture at 10% and motor vehicles at 20%.

(iii) Salaries Rs. 300 and taxes Rs. 200 are out standing.

(iv) Insurance amounting to Rs. 100 prepaid.

(v) Provision for bad-debts is to be made at 5% on debtors.

Prepare Trading and Profit and Loss a/c for the year ending 31st December 2001 and a Balance Sheet as on that date.

Or

(b) The following in the Trial Balance of Mr. Balan on 31st December 2003.

Debit balances :	Rs.
Bank	7,500
Purchases (adjusted)	34,96,000
Salaries	21,000
Carriage out	2,500
Carriage in	2,000
Lighting (office)	1,500
Building	1,35,000
Rent and taxes	2,000
Sundry debtors	40,000
Furniture	30,000
Cash in hand	1,250
B/R	7,500
Stock (31.12.03)	3,06,250

Credit balances :	
Capital	2,00,000
B/P	50,000
Loan	1,00,000
Sales	36,00,000
Discount	2,000
Commission	500
Sundry expenses	1,00,000

Adjustments :

(i) Prepaid rent Rs. 600.

(ii) During the year bad debts amounted to Rs. 2,500. A provision of 5% has to be made on debtors on doubtful debts.

(iii) Depreciation :

Building 2%

Furniture 10%

Prepare Trading a/c, P/L a/c and the balance sheet as on 31.12.13.

19. (a) Distinguish between Receipts and Payments and Income and Expenditure a/c.

Or

(b) From the following Receipts and Payments account of the creation and the sub-joined information, prepare Income and expenditure a/c for the year ended 31st December 2000 and the Balance sheet as on that date :

Receipts and Payments A/c

Dr.	Rs.	Cr.	Rs.
To Balance :		By Payments	
Cash on hand	70	to pensioners	12,650
To Fixed deposit		By Rent (3 quarter)	750
with bankers	5,000	By Office expenses	
To Current a/c		and salaries	2,750
with bankers	1,160	By Collector's	
To Subscriptions		commission	370
and donations	12,720	By Sundries	260
To Legacies	4,000	By Postage	180
To Special fund		By Gratuities from	
donations	1,700	special funds	1,430
To Interest on		By Investments	3,000
investments	1,350	By Balance :	
To Interest		Fixed deposit	
on deposits	240	with bankers	4,000
		Current a/c	
		with bankers	730
		Cash in hand	120
	26,240		26,240

The committee of management resolve that one half of legacies received shall be treated as income, the remainder being capital and that the "Special fund" should be separated from the "general funds". A quarter rent was unpaid at 31st December 2000. Sundry persons owed Rs. 150 for sale of sundries.

20. (a) A trader commenced business as cloth merchant on 1.1.1996 with a capital of Rs. 10,000. On the same day he purchased furniture and fitting for cash Rs. 3,000. From the following particulars obtained from his books kept under single entry. You are required to prepare his financial a/c's for the year ended 31.12.1996.

	Rs.
Sales (inclusive of cash Rs. 7,000)	17,000
Purchases (inclusive of each Rs. 4,000)	15,000
Drawings	1,200
Salaries to staff	2,000
Bad debts written off	500
Business expenses	700

The trader took cloth worth Rs. 500 from the shop for private use and paid Rs. 200 to his son but omitted to record these were Rs. 5,200 and sundry creditors Rs. 3,600 stock on hand on 31.12.96 was Rs. 6,500.

Or