

Reg. No. :

Code No. : 22466 E Sub. Code : SMBA 33

**B.B.A. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2020.**

Third Semester

Business Administration – Main

FINANCIAL ACCOUNTING

(For those who joined in July 2017 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. This system is universally followed in accounting:
 - (a) Single Entry System
 - (b) Double Entry System
 - (c) Cash Accounting
 - (d) Cost Accounting
2. The basic function of financial accounting is to:
 - (a) Assist the management in performing managerial functions
 - (b) Record all business transactions
 - (c) Controlling business
 - (d) Analysis and interpretation of financial data

3. A trial balance prepared after taking into account the effect of adjusting entries is known as
 - (a) financial trial balance
 - (b) Adjusted trial balance
 - (c) Unadjusted trial balance
 - (d) Normal trial balance
4. On debit side of trading Account we record
 - (a) Direct Expense
 - (b) Indirect Expense
 - (c) Miscellaneous Expense
 - (d) None of these
5. Depreciation is a process of :
 - (a) Allocation
 - (b) Valuation
 - (c) Both valuation and allocation
 - (d) Determination
6. Under the straight line method of providing depreciation it :
 - (a) Increase every year
 - (b) Decreases every year
 - (c) Remain constant every year
 - (d) First increases then decreases

7. The receipts and payments account of a non-profit organization is a
- (a) Nominal account
 - (b) Income statement account
 - (c) Real account
 - (d) Financial statement
8. Which of the following is generally considered as a non-profit oriented organization?
- (a) Charitable organization
 - (b) Corporation
 - (c) Audit firms
 - (d) Insurance companies
9. Single entry system has effect :
- (a) One effect (b) Double effect
 - (c) Triple effect (d) Multi effect
10. In single entry system, it is not possible to prepare:
- (a) Receipts and payments A/c
 - (b) Trial balance
 - (c) Balance sheet
 - (d) Account sales

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 advantages of Accounting.

Or

- (b) What are Books of Accounts?

12. (a) Write short notes on:

(i) Compensating Error

(ii) Error of Commission

Or

- (b) Mr. Hari has prepared the following Trial balance. You are required to correct it and prepare a corrected Trial Balance.

S. No	Name of Account	Debit (Rs)	Credit (Rs)
1	Capital	-	15,560
2	Sales	-	27,560
3	Sales returns	-	980
4	Drawings	5,640	-
5	Debtors	-	5,300
6	Premises	7,410	-
7	Purchases	12,680	-
8	Return outwards	2,640	-
9	Loan from Vijay	-	2,500
10	Creditors	5,280	-
11	Admin Expenses	7,840	-
12	Cash in hand	1,420	-
13	Bills Payable	1,000	-
14	Wages	5,980	-
15	Opening stock	-	2,640
16	Factory Expenses	4,650	-
Total		54,540	54,540

13. (a) Explain the objects of making provision for depreciation.

Or

- (b) A Machine was purchased for Rs.30,000 on 1.1.18. It is expected to last for 5 years. Estimated scrap at the end of five years is Rs.5,000. Find out the rate of depreciation under the straight line method.

14. (a) Detail the steps in converting Receipt and Payment Account into Income and Expenditure Account.

Or

- (b) On 31.12.2000, subscriptions outstanding were Rs.10,000 and received in advance for 2001 Rs.8,000.

During 2001, subscriptions received were Rs.80,000 including Rs.7,000 towards the dues of the year 2000. On 31.12.2001, total subscriptions outstanding were Rs.12,000 and received in advance for 2002 Rs.6,000. You are required to show;

- (i) Subscriptions to be credited to Income & Expenditure A/c and
- (ii) Extract from Balance Sheet of 2001 showing the items relating to subscriptions.

15. (a) Discuss the Advantages of Single Entry System.

Or

- (b) From the following ascertain Opening stock on 1.1.2016.

	Rs
Purchases made during 2016	2,50,000
Sales made during 2016	3,25,000
Stock on 31.12.2016	60,000
Wages	3,000
Rate of gross profit on cost	25%

PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

16. (a) Detail the Generally Accepted Accounting Principles.

Or

- (b) Explain the Nature and Objectives of Accounting.

17. (a) Discuss the Clerical Errors in detail.

Or

- (b) Prepare Trading and Profit & Loss A/c for the year 2017 and a Balance Sheet as on that date:

	Rs.		Rs.
Salaries	5,500	Creditors	9,500
Rent	1,300	Sales	32,000
Cash	1,000	Capital	30,000
Debtors	40,000	Loans	10,000
Trade Expenses	600		
Purchases	25,000		
Advances	2,500		
Bank Balance	5,600		
	81,500		81,500

Adjustments:

- (i) The closing stock amounted to Rs.9,000
- (ii) One month's salary is outstanding
- (iii) One month's rent has been paid in advance
- (iv) Provide 5% for doubtful debts

18. (a) Differentiate Straight Line Method from Written Down Value Method of Depreciation

Or

- (b) A company acquired a machine on 1.1.18 at a cost of Rs. 40,000 and spent Rs.1,000 on its installation. The firm writes off depreciation at 10% on the diminishing balance. The books are closed on 31st December of each year. Show the machinery A/c for 3 years.

19. (a) What is Income & Expenditure Account?
Explain the steps in its preparation.

Or

- (b) The following is the Receipts and Payments A/C of Delhi football Association for the first year ending 31st Dec 1987.

Receipts	Rs	Payments	Rs
To Donation	50,000	By Pavilion (Constructed)	40,000
To Reserve Fund (Life membership and Entrance fees received)	4,000	By Expenses in Connection with matches	900
To Receipts from football matches	8,000	By Furniture	2,100
Revenue Receipts:		By Investments at cost	16,000
To Subscriptions	5,200	Revenue Payments:	
To Locker rents	50	By Salaries	1,800
To Interest on securities	240	By Wages	600
To sundries	350	By Insurance	350
		By Telephone	250
		By Electricity	110
		By Sundry expenses	210
		By Balance on hand	5,520
	67,840		67,840

Additional Information:

- (i) Subscriptions outstanding for 1987 are Rs.250
- (ii) Salaries unpaid for 1987 are Rs.170
- (iii) Wages unpaid for 1987 Rs.90
- (iv) Outstanding bill for sundry expenses Rs.40
- (v) Donations received have to be capitalized

Prepare from the details given above an Income and Expenditure A/C for the year ended 31.12.1987 and the Balance Sheet of the Association as on that data.

20. (a) How will you ascertain profit under Single Entry System?

Or

- (b) Mr. Siddhu keeps his books of accounts under single entry system. His financial position on 31.12.15 and 31.12.16 was as follows:

	2015 (Rs)	2016 (Rs)
Cash	9,860	800
Stock in trade	38,520	57,020
Plant & Machinery	54,420	61,000
Bills Receivable	-	16,480

Debtors	24,840	43,940
Creditors	72,040	80,000
Furniture	4,960	5,220
Drawings	-	5,000

During the year he introduced additional capital of Rs. 20,000.

From the above particulars prepare a statement of profit and loss of Mr. Siddhu for the year ended 31.12.16.
