

Reg. No. :

Code No. : 40770

Sub. Code : GMBA 33

B.B.A. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2013.

Third Semester

Business Administration — Main

FINANCIAL ACCOUNTING

(For those who joined in July 2012 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Bank account is a
 - (a) Real Account
 - (b) Personal Account
 - (c) Nominal Account
 - (d) None of the above



2. Exe Ltd sells goods on credit to Wy Ltd for £3000. Which of the following accounting entries correctly records this transaction?

- (a) Debit sales, credit Wy Ltd Rs.3000.
- (b) Debit Wy Ltd, credit sales Rs.3000.
- (c) Debit cash, credit sales Rs.3000.
- (d) Debit Wy Ltd. credit stock Rs.3000.

3. Which of the following statements is correct in relation to a trial balance?

- (a) It shows the financial position of a business.
- (b) All the balances in the trial balance will be summarized on the business balance sheet.
- (c) It is a list of balances and forms the starting point for the preparation of the business accounts.
- (d) It is part of the published accounts of a business.

4. Depreciation concept does not apply to

- | | |
|---------------|--------------|
| (a) Land | (b) Building |
| (c) Machinery | (d) Vehicles |

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5. Business is distinct from the owner. This concept is called

- (a) Business entity
- (b) Going concern
- (c) Money measurement
- (d) None of the above

6. An expenditure is capital in nature when

- (a) It increases the quantity of current asset
- (b) It increases the quantity of fixed asset
- (c) It is paid as interest on loans for the business
- (d) None of the above

7. An expenditure is revenue in nature when

- (a) It benefits the current period
- (b) It benefits the future period
- (c) It belongs to the previous period
- (d) All of the above

8. Statement of affairs is a

- (a) Statement of income and expenditure
- (b) Statement of assets and liabilities
- (c) Summary of cash transactions
- (d) (a) and (b) together

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9. Provision is

- (a) An appropriation out of profit
- (b) A charge against profit
- (c) Equal to reserve
- (d) (b) and (c) together

10. Revenue is generally recognized as being earned at the point of time

- (a) Sales is effected
- (b) Cash is received
- (c) Production is completed
- (d) None of the above

PART B — (5 × 5 = 25 marks)

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

11. (a) Write a short note on going concern concept and separate entity concept.

Or

(b) What is an account? State different types of account and corresponding rules of debit and credit.

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12. (a) Explain the difference between double entry system and single entry system.

Or

(b) Journalize the following transactions:

	Rs
2013 Jan 1 Commenced business with cash	50,000
5 Purchased goods for cash	10,000
8 Purchased goods from Ram	5,000
10 Cash sales to Ravi	10,000
15 Sold goods to Seema	5,000

13. (a) A company has the following items on its year-end trial balance:

	Rs.
Net sales	5,00,000
Common stock	1,00,000
Insurance expense	75,000
Wages	50,000
Cost of goods sold	1,00,000
Cash	40,000
Accounts payable	25,000
Interest payable	20,000

What is the company's gross profit?

Or

(b) What are the reasons of depreciating an asset?

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14. (a) What are the four types of error?

Or

- (b) Receipts & Payment A/C of a club showed that Rs. 72,000 was received by way of Subscriptions for the year ended 31-03-10. Additional information is available as follows:

- (i) Subscriptions outstanding on 31-03-09 were Rs. 26,000.
- (ii) Subscriptions received in advance as on 31-03-09 Rs. 24,000.
- (iii) Subscriptions outstanding as on 31-03-2010 Rs. 41,000.
- (iv) Subscriptions received in advance as on 31-03-10 Rs. 27,000.

Show how the above information would appear in the financial statements for the year ended on 31-03-10.

15. (a) Aslam acquired a large piece of equipment on January 1st 2005 for 19,20,000. The equipment is estimated to have a useful life of 5 years a Salvage Value of 1,20,000 calculate depreciation for 2005 and 2006 using each of the straight line and reducing balance method.

Or

- (b) What is reserve? Explain its types.

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PART C — (5 × 8 = 40 marks)

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

16. (a) Enter the following transactions in three column cash book

	Rs
2013 March 1 Cash in hand	30,000
Cash at bank	5,000
2 Received from Anil cash	20,000
4 Paid by cheque to Praveen	4,850
5 Cash sales	9,000
6 Paid into bank	9,000
7 Paid for cash purchased	12,000

Or

- (b) Discuss about accounting principles.
17. (a) From the following trail balance of Akash traders, prepare trading and profit and loss account for the year ended 31.03.2012 and balance sheet as on that date.

	Trial Balance	
	Debit (Rs.)	Credit (Rs.)
Purchases and sales	26,000	56,000
Returns	400	200
Discount allowed and received	100	580

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	Trial Balance	
	Debit (Rs.)	Credit (Rs.)
Bills receivable and payable	2,000	1,000
Drawing on capital	6,000	20,000
Debtors and creditors	5,000	2,000
Building	18,000	—
Furniture	4,000	—
Stock on 1.4.2011	14,000	—
Salaries	3,100	—
Sundry income	—	220
Office expenses	400	—
Bad debts	200	—
Advertising	800	—
Total	<u>80,000</u>	<u>80,000</u>

Adjustments:

- Value of closing stock Rs. 24,200
- Depreciation on building at 5% and furniture at 10%
- Unpaid salaries Rs. 600
- Outstanding expenses Rs. 100
- Create reserve for bad debts at 10% on debtors
- Advertisements paid in advance Rs. 100

Or

- Discuss about the adjustment entries to be made while preparing final accounts.

- What is Single-Entry System? Write the defects of this system

Or

- Following is the Receipts and Payments A/C for the year ended 31-03-10.

Receipts	Rs.	Payments	Rs.
Balanced b/d	10,000	Salary	18,000
Subscriptions :		Newspaper	4,000
2008-09	3,000	Rent	14,000
2009-10	44,000	Fixed Deposit @	
2010-11	2,000	12% p.a.	50,000
Sale of old		Books	8,000
news papers	3,000	Furniture	16,000
Government		Balanced c/d	8,000
Grants	40,000		
Sale of old			
furniture (book			
value Rs. 18,000)	12,000		
Profit from			
entertainment	4,000		
	<u>1,18,000</u>		<u>1,18,000</u>

Additional Information :

- Subscriptions outstanding as on 31-03-2009 were Rs. 4000 and on 31-03-10 Rs. 6000.
 - On 31-03-10 salary outstanding was Rs. 8000 and rent outstanding was Rs. 2000.
 - On 01-04-09 the club owned furniture Rs. 40000 and books Rs. 36000.
- Prepare Income and Expenditure A/C for the year ended 31-03-10 and ascertain the capital fund on 31-03-2009.



19. (a) Rectify the following errors:

- (i) An amount of Rs. 2,500 spent for the extension of machinery has been debited to Wages account.
- (ii) Rs. 100 paid as carriage for the newly purchased furniture, posted to Carriage A/c.
- (iii) A builder's bill for Rs. 5,000 for erection of a small cycle shed was debited to Repair A/c.
- (iv) A cheque of Rs. 1,700 received from Shyam Sunder was dishonoured and had been posted to the debit side of Allowance A/c'.
- (v) Rs. 4,000 the amount of sale of old machinery has been credited to Sales A/c.
- (vi) Rs. 1,000 received from 'X' has been debited to 'Y' A/c.

Or

- (b) How will you locate and rectify the errors committed in the books of accounts?

20. (a) Rajesh bought a machine for Rs. 25000 on which he spent Rs.5000 for carriage and Rs. 1000 for brokerage for the middleman and Rs.4000 for installations. The machine was depreciated at 10% every year on written down value basis. After three years the machine was sold to Mr. Y for Rs. 30500. Prepare machinery and depreciation a/c for three years.

Or

- (b) Explain the different methods of calculating depreciation.
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