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Name.....

Reg. No.....

**SECOND SEMESTER B.B.A. DEGREE EXAMINATION, MAY-2017**

(Regular/Supplementary/Improvement)

(CUCBCSS-UG)

**CC15U BB2 B02-FINANCIAL ACCOUNTING**

(Core Course B.B.A.)

(2015 Admission Onwards)

Time: Three Hours

Maximum: 80 marks

**Part A**

Answer **all** questions. Each question carries **1** mark

**I. Choose the correct answer**

1. The policy "anticipate the profit and provide for all possible losses" arises due to
  - (a) Convention of Consistency
  - (b) Convention of Conservatism
  - (c) Convention of full disclosure
  - (d) Convention of materiality
2. Account to be debited by proprietor of business for purchasing furniture for private use
  - (a) Purchase Account
  - (b) Furniture Account
  - (c) Drawings Account
  - (d) Cash Account
3. Expenses in connection with obtaining a licence for running the cinema
  - (a) Capital Expenditure
  - (b) Revenue Expenditure
  - (c) Deferred Expenditure
  - (d) Prepaid Expense
4. Carriage Inward is debited to
  - (a) Profit and Loss Appropriation Account
  - (b) Profit and Loss Account
  - (c) Trading Account
  - (d) Capital Account
5. Income and Expenditure A/c records transactions of what nature
  - (a) Revenue
  - (b) Capital
  - (c) Both revenue and capital
  - (d) none of these

**II. Fill in the Blanks**

6. In ----- system the vendor has a right to take back the goods.
7. In Departmental Accounting Debenture Interest is charged to -----
8. Branch A/c under debtors system is a ----- a/c
9. Every hotel maintains a visitors ledger which enables it to know the minute wise position of each and every -----
10. If the goods are invoiced to branch by Head Office at cost plus 25%, goods costing Rs.360000 will be invoiced at ----- **(10x1=10 marks)**

**Part B**

Answer any **eight** questions. Each question carries **2** marks

11. What is Room rate?
12. What is Branch Adjustment A/c?
13. What is a non-trading concern?
14. What is Hire Purchase Trading Account?
15. What are Subsidiary Books?
16. How will you apportion Depreciation and Rent in Departmental Accounts?
17. What is Capital Expenditure? Give an example
18. What is Dual Aspect Concept?
19. How will you treat Prepaid Expenses while preparing final Accounts?
20. Give 2 limitations of Accounting Standards? **(8x2=16 marks)**

(1)

(Turn Over)

**Part C**

Answer any six questions. Each question carries 4 marks

21. What are the functions of Accounting Standards Board of India?
22. Distinguish between Hire Purchase and Instalment System?
23. What are the differences between Receipts & Payments Account and Income & Expenditure Account?
24. Mr A arrives in Mumbai and checks into a room in a five star hotel at 4 p.m. on 1<sup>st</sup> June 2015 at Rs.500 per day plus 10% for service charges on European plan. Check out time in the hotel is 12 noon. Calculate amount payable by A in the following circumstances:
  - (a) If Mr A checks out at 10 p.m. on the same day
  - (b) If Mr A checks out at 9 a.m. on 2<sup>nd</sup> June 2015
  - (c) If Mr A checks out at 6 p.m. on 2<sup>nd</sup> June 2015
  - (d) If Mr A checks out at 4 p.m. on 3<sup>rd</sup> June 2015
25. Journalise the transactions in Head Office books
  - (a) Goods worth Rs.5000 as supplied by Delhi branch to Agra branch under the Instruction of Head Office
  - (b) Cash remitted by branch Rs.6000 has not reached Head Office
  - (c) Head Office charges Rs.4000 to Delhi branch as Head Office administrative Expenses
  - (d) Depreciation amounting to Rs.1000 on Delhi branch Fixed Assets where Accounts of such assets are maintained at Head Office
26. X Ltd purchased a truck on Hire Purchase System. As per the terms the company is required to pay Rs.70000 down, Rs.53000 at the end of first year, Rs.49000 at the end of second year and Rs.55000 at the end of third year. Interest is charged at 10% p.a. Calculate Cash Price of the truck and interest paid with each instalment
27. Calculate the amount of Subscription to be credited to Income and Expenditure a/c for the year ending 31<sup>st</sup> December 2015
 

|   |       |
|---|-------|
| Subscription as per Receipts and Payments a/c during the year | 20000 |
| Subscription received in advance for 2016                     | 1700  |
| Subscription Outstanding on 31 <sup>st</sup> December 2014    | 1200  |
| Subscription received in Advance for 2015 during 2014         | 900   |
| Subscription outstanding on 31 <sup>st</sup> December 2015    | 800   |
28. You are given the following particulars of a business having 3 departments
 

| Department | Purchases  | Opening Stock | Closing Stock |
|------------|------------|---------------|---------------|
| X          | 1500 units | 200 units     | 100 units     |
| Y          | 1000 units | 300 units     | 160 units     |
| Z          | 2000 units | 150 units     | 200 units     |

Additional Information:

- (a) Purchases were made at a total cost of Rs.92000
- (b) The percentage of gross profit on turnover is the same in each case
- (c) Purchase and sales price are constant for last two years
- (d) Selling price per unit-X Rs.20, Y Rs.25, Z Rs.30.

**(6x4=24 marks)**

## Part D

Answer any 2 questions. Each question carries 15 marks

29. Moon Shine ltd of Bombay purchased from Sun Shine ltd of Surat 3 machines costing Rs.5000 each on hire purchase basis. Payment was to be made Rs.3000 down and the remainder in three equal instalments together with interest at 9%. Moon Shine ltd write- off depreciation @ 20% on Diminishing balance. It paid the instalment due at the end of first year but could not pay the next. Sun Shine ltd agreed to leave one machine with the purchaser adjusting the value of other 2 machines against the amount due. The machines were valued on the basis of 30% depreciation annually under diminishing balance method. Show necessary accounts in the books of Moon Shine ltd and Sun Shine ltd for 2 years.

30. The Lucknow branch of Kolkata Chemicals ltd sends the following Trial Balance to Kolkata on 31<sup>st</sup> December 2015. Prepare Branch Trading and P/L account and pass necessary incorporation entries in the books of Head Office and prepare Branch Account

| Particulars            | Dr Amount    | Cr Amount    |
|------------------------|--------------|--------------|
| Stock on 1.1.2015      | 10000        |              |
| Furniture              | 1500         |              |
| Goods from Kolkatta    | 50000        |              |
| Purchases              | 10000        |              |
| Return Inwards         | 1000         |              |
| Salaries               | 6000         |              |
| General Expenses       | 1000         |              |
| Rent                   | 540          |              |
| Bad debts              | 160          |              |
| Carriage               | 150          |              |
| Sundry Debtors         | 9000         |              |
| Bank balance           | 4000         |              |
| Allowance to customers | 200          |              |
| Bills receivable       | 4000         |              |
| Sales                  |              | 87000        |
| Returns to Kolkatta    |              | 400          |
| Sundry Creditors       |              | 5000         |
| Head Office Account    |              | 5150         |
| <b>Total</b>           | <b>97550</b> | <b>97550</b> |

31. The following is the Trial Balance of M/S Royal Agencies as on 31.3.2015. Prepare Trading & P/L a/c for the year ended 31.3.2015 and a Balance sheet as on that date.

| Particulars                  | Dr Amount | Cr Amount |
|------------------------------|-----------|-----------|
| Capital                      |           | 100000    |
| Drawings                     | 18000     |           |
| Buildings                    | 15000     |           |
| Furniture & Fittings         | 7500      |           |
| Motor Van                    | 25000     |           |
| Loan from Lal @ 12% interest |           | 15000     |
| Interest paid on above       | 900       |           |
| Sales                        |           | 100000    |
| Purchases                    | 75000     |           |
| Opening Stock                | 25000     |           |
| Establishment expenses       | 15000     |           |

(3)

(Turn Over)

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|                     |               |               |
|---------------------|---------------|---------------|
| Wages               | 2000          |               |
| Insurance           | 1000          |               |
| Commission received |               | 7500          |
| Sundry Debtors      | 28100         |               |
| Bank balance        | 20000         |               |
| Sundry Creditors    |               | 10000         |
| <b>Total</b>        | <b>232500</b> | <b>232500</b> |

Adjustments:

- (a) Value of Closing Stock as on 31.3.2015 was Rs.32000
- (b) Outstanding Wages Rs.500
- (c) Prepaid Insurance Rs.300
- (d) Commission received in advance Rs.800
- (e) Allow Interest on Capital @ 10%
- (f) Depreciate Building 2.5%, Furniture & Fittings 10%, Motor Van 10%
- (g) Interest on Drawings Rs.500

(2x15=30 marks)

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30. The Lucknow branch of Kolkata Chemicals Ltd sends the following T-accounts on 31<sup>st</sup> December 2015. Prepare Branch T-accounts and the following T-accounts in the books of Head Office on 31<sup>st</sup> December 2015. Assume necessary incorporation entries in the books of Head Office.

31. The following is the Trial Balance of M/s Royal Agencies as on 31.3.2015. Prepare Trading & P/L a/c for the year ended 31.3.2015 and a Balance sheet as on that date.

| Particulars                  | Dr. Amount | Cr. Amount |
|------------------------------|------------|------------|
| Capital                      |            | 100000     |
| Drawings                     | 18000      |            |
| Buildings                    | 15000      |            |
| Furniture & Fittings         | 7500       |            |
| Motor Van                    | 25000      |            |
| Loan from Lal @ 12% interest |            | 2000       |
| Interest paid on above       |            | 240        |
| Sales                        |            | 75000      |
| Purchases                    | 75000      |            |
| Opening Stock                | 25000      |            |
| Establishment expenses       | 15000      |            |

(4)

(Turn Over)