

19U219A

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Name : .....

Reg.No : .....

**SECOND SEMESTER B.B.A. DEGREE EXAMINATION, APRIL 2020**

(CBCSS - UG)

**CC19U BBA2 B02 : FINANCIAL ACCOUNTING**

(B.B.A. - Core Course)

(2019 Admission - Regular)

Time: 2.5 Hrs

Max. Marks: 80

**Section - A**

Credit: 4

**I. Short answer questions. Each question carries 2 marks.**

1. What is Accounting Entity?
2. Ascertain purchases from the following:

Particulars	Rs.	Particulars	Rs.
Opening stock	12,000	Indirect expenses	13,000
Closing stock	13,000	Sales	64,000
Direct Expenses	7,000	Gross Profit	15,300

3. What is accrued income?
4. What are fictitious assets? Give two examples.
5. Give two merits of hire purchase system.
6. What consist of hire purchase price?
7. How to calculate rebate?
8. What is Installment purchase system?
9. Goods are sent from head office to a branch at a price so as to include a 25% profit on transfer price.  
What will be the amount of reserve on closing stock of Rs.15,000 at the branch?
10. How will you ascertain the closing debtors of a branch?
11. Define the term joint stock company.
12. What is meant by convertible preference shares?
13. What do you mean by private placement of shares?

14. What does the need for pro rata allotment?

15. Name different kinds of debentures.

(Ceiling: 25 Marks)

### Section - B

#### II. Paragraph questions. Each question carries 5 marks

16. Explain the nature and scope of accounting.

17. Explain different classes of assets.

18. On 1st January 2016 the reserve for discount on creditors was Rs. 1,200 . The discount earned during the year amounted to Rs. 1,040. The creditors on 31st December, 2016 were Rs. 50,000 and a new reserve of 2.5% is required. Show the Journal, Ledger, Profit & Loss and Balance sheet entries relating to discount.

19. Arun purchased a motor car on hire purchase system on 1-4-2015. The cash price is Rs. 2, 80,000. Rs. 75,000 is paid down on signing the agreement and three installments of Rs. 75,000 each are payable at end of each year beginning on 31-3-2016. Ascertain interest included in each installment if the rate of interest is 5% p.a.

20. A company purchased two machines of Rs.10,500 each on hire purchase system paying Rs.6,000 down and remainder in 3 equal installments of Rs.5,000 each together with interest at 5%p.a. the co. writes-off depreciation at 10%p.a according to diminishing balance method. The co. could not pay the 2nd installment. The vendor left one machine with the company adjusting the value of other against amount due taking the machine at 20% depreciation at diminishing balance method. Prepare ledger accounts in the company's books.

21. A and Co. Limited having its Head Office at Delhi with Branches at Lucknow and Allahabad closes its annual accounts on 31st December, when the following transactions have taken place :

(a) Remittances of Rs. 4,500 made by Lucknow Branch to its Head Office on 30th December, received by Head Office on 5th January (next year).

(b) Goods valuing Rs. 2,200 despatched by Allahabad Branch- on 27th December, under instructions from the Head Office and received by the Lucknow Branch on 30th December.

(c) Depreciation amounting to Rs. 1,100 on Lucknow Branch Fixed Assets when accounts of such assets are maintained at the Head Office.

(d) Goods worth Rs. 9,000 despatched by Head Office to Allahabad Branch on 30th December, received by that branch on 7th January (next year).

(e) Lucknow Branch paid Rs.400 dividend to a local shareholder on behalf of the Head Office.

(f) A sum of Rs. 600 being arrears of call money was received by the Allahabad branch from a shareholder in November but was not communicated to the Head Office till 3rd January (next year).

(g) Lucknow branch draws a bill receivable for Rs. 5,000 on Allahabad branch which sends its acceptance. Pass adjusting journal entries in the books of Head Office.

22. Distinguish between registered debentures and bearer debentures.
23. Solar Ltd., issued, 4000, 11% debentures of Rs.100 each at a premium of 10% payable as follows: Rs.25 on applications; Rs 45 on allotment (including premium); Rs. 40 on first & final call. All debentures were subscribed by the public and all the money due were received. Pass the necessary journal entries in the books of company **(Ceiling: 35 Marks)**

### Section - C

#### III. Essay questions. Answer any two questions.

24. What do you mean by special journal? Briefly explain the special types of journals.
25. Raju and Reji are trading in partnership. From the following balances obtained from their books and other information, prepare final accounts for the year ending 30<sup>th</sup> June 2019.

Debit Balances	Amount	Credit Balances	Amount
Purchases	67,500	Raju's Capital	50,000
Furniture	3,800	Raju's Current a/c	22,280
Repairs	1,200	Reji's Capital	26,000
Carriage inwards	350	Reji's Current a/c	14,000
Plant and Machinery	30,000	Rent received	350
Wages	7,455	Sales	91,540
Land & Building	18,500	Allowances from creditors	2,920
Stock ( 1-7-2018)	30,000	Sundry creditors	4,670
Insurance	400		
Cash in hand	410		
Bad debts	500		
Advertising	1,200		
Allowances to Debtors	1,400		
Raju's Drawings	5,000		
Reji's Drawings	2,500		
Salaries	3,940		
Sundry debtors	9,620		
Rent and rates	1,500		
Cash at Bank	26,485		

On 30<sup>th</sup> June 2019 the stock on hand was valued at Rs. 37,510.

Adjustments:

- (a) Write off further Rs. 620 as bad debts and maintain a provision of 5% on Sundry debtors for doubtful debts.
- (b) Write off 20% on Furniture and 10% on machinery as depreciation.
- (c) Provide for interest on capital of partners at 5%p.p.a., but no interest is payable on current account balances.
- (d) Transfer 5% of the net profits, after charging interest on capital, to a reserve fund before distributing the same among the partners.

26. Give Journal entries for incorporation of Delhi Branch accounts in the Head Office and show the Branch Account in Head Office books after incorporating therein the assets and liabilities.

Particulars	Credit	Particulars	Debit
Manufacturing Expenses	10,000	Sales	1,50,000
Salaries	10,000	Purchases Returns	1,000
Wages	40,000	Discount earned	1,000
Cash in hand	2,000	Creditors	5,000
Purchases	80,000	H.O. Account	54,000
Goods received from H.O	15,000		
Rent	4,000		
General Expenses	5,000		
Opening Stock	30,000		
Debtors	15,000		
<b>Total</b>	<b>2,11,000</b>	<b>Total</b>	<b>2,11,000</b>

Closing stock at Branch Rs.30,000. Depreciation is to be provided on Branch Machinery of Rs.50,000@ 20 per cent and branch Furniture of Rs.3,000 @ 15 per cent. Rent outstanding is Rs.500.

The Trial Balance as on 31st December, 2009 is as under :

27. Alpha Ltd has its issued capital comprising of 20,000 equity shares of Rs.10 each payable as Rs. 2 on application, Rs. 3 on allotment (including premium), Rs. 3 on first call and Rs. 3 on final call. The shares were called up to the first call stage. All the share money was received except from A holding 300 shares who paid only up to application and except from B, holding 400 shares who paid up to allotment all these shares were forfeited . Out of these forfeited shares 400 shares (whole of A's holdings and balance of B's holdings were re-issued to C on payment of Rs. 6 per share and as paid up to the same extend as other shares journalise the entries relating to above transaction

**(2×10 = 20 Marks)**

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