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Name: .....

Reg. No: .....

**SECOND SEMESTER B.B.A. DEGREE EXAMINATION, APRIL 2022**

(CBCSS - UG)

(Regular/Supplementary/Improvement)

**CC19U BBA2 B02 - FINANCIAL ACCOUNTING**

(B.B.A. - Core Course)

(2019 Admission onwards)

Time: 2.5 Hours

Maximum: 80 Marks

Credit: 4

**Part A** (Short answer questions)

Answer *all* questions. Each question carries 2 marks.

1. What are financial statements?
2. What do you mean by net profit?
3. What is accrued income?
4. Define a balance sheet.
5. Write any 2 differences between hire purchase and sales.
6. Anand purchased two trucks on January 1 2010. The cash price Rs. 56,000. The purchase is on hire purchase basis, Rs. 15,000 being paid on the signing of contract and thereafter Rs. 15,000 being paid annual for 3 years. Interest was charged at 5%. Depreciation was written off at the rate of 20% per annum on the reducing installment system. Calculate interest.
7. Write the journal entries in the books of hire vendor?
8. What is Installment purchase system?
9. How will you ascertain the closing debtors of a branch?
10. Journalise the following transactions in the head office books when branches are keeping full system of accounting.
  - (a) Depreciation on branch fixed assets when their accounts are maintained in head office books.
  - (b) Goods in transit.
11. What are the essential features of a company?
12. What is call in advance?
13. Give the meaning of over subscription of shares.
14. What are the journal entries to be passed on the forfeiture of shares and reissue of forfeited shares?
15. Define Bonus shares.

**(Ceiling: 25 Marks)**

(1)

**Turn Over**

**Part B** (Paragraph questions)

Answer **all** questions. Each question carries 5 marks.

16. Explain the classification of accounting.  
 17. List out the modifying principles.  
 18. On 1<sup>st</sup> 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 31<sup>st</sup> 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. What are the methods used in cash price? Write the steps.  
 20. A acquired on January 1<sup>st</sup> 2008 a machine under a hire purchase agreement which provides for five half yearly installments Rs.6,000 each, the first installment being due on July 1<sup>st</sup> 2008. Assuming that the applicable rate of interest in 10% p.a, Calculate the cash value of the machine.  
 21. A Delhi Head Office has a Branch at Madurai to which goods are invoiced at a cost plus 20%.

From the following particulars, prepare Branch Account in the Head office books:

	Rs
Goods sent to Branch	2,11,872
Total Sales	2,06,400
Cash Sales	1,10,400
Cash received from Branch Debtors	88,000
Branch Debtors on 01-01-2009	24,000
Branch Stock on 01-01-2009	7,680
Branch Stock on 31-12-2009	13,440

22. Explain the accounting treatment of debentures issued as collateral security.  
 23. (a) A company purchased assets of Rs.350000 and took over the liabilities of Rs.30000. It agreed to pay the purchase price, Rs.330000 by issuing debentures of Rs.100 each at a premium of 10%. (b) A company purchased assets of Rs.360000 and took over liabilities of Rs.35000. It agreed to pay the purchase price, Rs.334950, by issuing debentures of Rs.100 each at a premium of 10% and Rs.65 by cash. The debentures of the same company are quoted in the market at Rs.130. (c) A Company purchased assets of Rs.380000 and took over the liabilities of Rs.30000 at an agreed value of Rs.333000. The company issued debentures at 10% discount in full satisfaction of the purchase price. Give journal entries in the books of a purchasing company.

**(Ceiling: 35 Marks)**

(2)

3. Wages outstanding Rs. 500 and insurance prepaid Rs. 350.  
 4. The interest on drawings – Rakesh Rs. 75 and Gokul Rs. 80.  
 5. They agreed to bring down the goodwill to Rs. 6,000 and decided to provide for doubtful debts at 105%.  
 27. A trader of Chennai had a branch in Mumbai. The branch get goods partly from Chennai Head Office and partly from outsiders. Branch keeps a separate set of books. Following balances are extracted.

Particulars	Chennai H O		Mumbai Branch	
	Dr.	Cr.	Dr.	Cr.
Capital		2,00,000		
Plant and Machinery	1,40,000			
Furniture and Fixtures	25,000		12,500	
Loose tools	20,000		9,000	
Profit and Loss Account (1-1-2013)		17,500		
Debtors and Creditors	1,15,000	27,500	5,000	12,500
Cash in hand	2500		1,400	
Cash at bank	7500		300	
Purchase and sale	3,00,000	4,05,000	56,000	1, 22, 500
Salaries and wages	15,000		8,000	
Rent	7,500		4,250	
General expense	2,500		3,750	
Goods from H O to branch		45,000	40,000	
Current A/C	35,000			27,900
Opening stock (1-1-2013)	25,000		20,000	
	6,95,000	6,95,000	1,62,900	1,62,900

The difference between the balance of H O Current a/c and Branch a/c is due to goods and cheque in transit as at the date of preparation trial balance. Rent of branch remains unpaid Rs. 75. Plant, furniture and loose tools are to be depreciated by 10%, 15% and 20% p.a. respectively. Stock in trade is valued on 31-12-2013 H O: 32,500 Branch: 17500. Prepare consolidate statement of Profit and Loss a/c and Balance sheet.

**(2 × 10 = 20 Marks)**

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