

(For candidates admitted from 2008–2009 onwards)

B.B.A. DEGREE EXAMINATION, NOVEMBER 2011.

Part III — Business Administration — Major

FINANCIAL ACCOUNTING

Time : Three hours

Maximum : 75 marks

PART A — (10 × 2 = 20)

Answer ALL questions.

Define the following :

1. Account.
2. Ledger.
3. Subsidiary books.
4. Petty cash book.
5. Depreciation.
6. Scrap value.
7. Capital.
8. Income.
9. Gross profit.
10. Operating loss.

PART B — (5 × 5 = 25)

Answer ALL questions.

11. (a) Explain the importance of accounting.

Or

- (b) Explain the golden rule of Double Entry System.

12. (a) Draw out a specimen purchase book while use your imaginary figures.

Or

- (b) Briefly explain the importance of subsidiary books.

13. (a) What are the features of written down value method? Explain.

Or

- (b) What are the difference between the final accounts of sole trader and joint stock companies? Explain.

14. (a) What are the revenue expenditures become capital expenditure? Explain.

Or

- (b) What are the main characteristics of receipts and payments A/c? Explain.

15. (a) What is responsible for maintenance of books of A/c? Explain.

Or

- (b) What do you mean by divisible profits? Explain.

PART C — (3 × 10 = 30)

Answer any THREE questions.

16. Draw out a specimen Trial Balance while use your imaginary figures.
17. Enter the following transactions in a Two column cash book and post them into the ledger.

2004	Rs.
June 1 Cash in hand	8,900
3 Bought goods for cash	4,300

2004	Rs.
June 5 Paid for wages	4,100
7 Withdrew from bank for exp	7,500
7 Cash paid to Yusuf	1,950
7 Discount allowed	50
10 Cash sales	13,500
13 Received cash from Babu	3,900
Allowed him discount	100
15 Purchased stationary from Ram on credit	200
16 Paid for postage stamps	150
18 Amount introduced as capital	5,000
21 Received cash from Rajesh	7,840
Discount allowed him	160
24 Paid cash for travelling expenses	120
26 Amount paid into bank	2,500
27 Cash paid to Sree	975
Discount allowed by him	25
28 Credit purchases from Sami	3,800
30 Cash purchases	1,500
30 Paid salaries	2,800
30 Deposited into bank all cash in excess of	2,000

18. A firm purchases a 5 years' lease for Rs. 4,00,000 on 1st Jan. It decides to write off depreciation on the Annuity method, presuming the rate of interest to be 5% p.a. The annuity tables show that a sum of Rs. 92,390 should be written off every year. Show the lease A/c for 5 years. Calculations are to be made to the nearest rupee.

19. From the following information relating to Dum Dum cricket club, prepare Income & expenditure A/c for the year ending 31st Dec, 2000 and Balance sheet as at that date. An abstract of the cash book for the year is as follows :

Dr	Rs.	Cr	Rs.
To member's subscription	10,000	By Upkeep of field & position	4,000
To Admn fees	600	By Exp on tournament	1,400
To Sale of old balls, batside	100	By Rates & Insurance	400
To Hire of ground	600	By Telephone	100
To Subscription for		By Stationary	200
tournament	2,000	By General charges	100
To Bank drawn	8,000	By Secretary's honorarium	340
To Donation	20,000	By Grass seeds	60
		By Bats, Balls, etc	1,400
		By Bank lodged	33,300
	<u>41,300</u>		<u>41,300</u>

Assets with the club as at 1st Jan, 2000, were as follows :

	Rs.
Cash at bank	6,000
Stock of balls etc	3,000
Printing & Stationary	400
Subscriptions due	1,000
Liabilities as at that date	Nil

Donation and surplus on a/c of tournament should be kept in reserve for a permanent position. Subscription due at 31st Dec, 2000 amounted to Rs. 1,500. Write off 50% of Bats, Balls a/c and 25% of printing and stationary a/c.

20. From the following prepare the Trading and profit and loss a/c for the year ended 31.3.2009 and a Balance Sheet as on that date :

	Rs.		Rs.
Capital	1,00,000	Carriage	1,600
Bank	4,000	Gas	4,400
Cash in hand	1,000	Creditors	24,400
Buildings	60,000	Debtors	30,000
Wages	30,000	Purchases returns	4,000
Salaries	20,000	Sales returns	3,000
Rent & Rates	3,600	Bills receivable	8,000
Printing & Stationary	2,400	Discounts (Cr)	800
Stock (1.4.2008)	16,000	Discounts allowed	1,000
Purchases	1,40,000	Furniture	6,000
Insurance	1,600	Travelling expenses	3,600
Machinery	24,000	Loans	20,000
Drawings	16,000		
Land	27,000		
Sales	2,50,000		

Provide for the following :

- (a) Prepaid insurance – Rs. 400.
- (b) Depreciation on :
 - Machinery – 20%
 - Furniture – 10%.
- (c) Interest on capital at 3%.

(d) Outstanding wages – Rs. 1,600

Outstanding salaries – Rs. 1,200.

(e) Write off Bad debts Rs. 1,000 ; and create a reserve for bad debts at 3% on debtors.

(f) Closing stock Rs. 20,000.
