

B.B.A. (CBCS) DEGREE EXAMINATION, APRIL 2021
THIRD SEMESTER
BUSINESS ADMINISTRATION - MAIN
FINANCIAL ACCOUNTING
(For those who joined in July 2017 onwards)

Time: Three hours

Maximum : 75 marks

Part - A (10 X 1 = 10 Marks)

Answer ALL the questions

Choose the correct answer:

1. Any written evidence in support of a business transaction is called
 - a) Journal
 - b) Ledger
 - c) Ledger posting
 - d) Voucher
2. The accounts that records expenses, gains and losses are
 - a) Personal accounts
 - b) Real accounts
 - c) Nominal accounts
 - d) None of the above
3. _____ displays the revenues and expenses of a company for a period of time.
 - a) Income statement
 - b) Balance sheet
 - c) Cash flow statement
 - d) Statement of stockholder's equity
4. The assets that can be converted into cash within a short period (i.e. 1 year or less) are known as; _____
 - a) Current assets
 - b) Fixed assets
 - c) Intangible assets
 - d) Investments

5. The main object of providing depreciation is:_____

- a) To calculate true profit
- b) To show true financial position
- c) To reduce tax
- d) To provide funds for replacement

6. Depreciation arises because of: _____

- a) Fall in the market value of an asset
- b) Physical wear and tear
- c) Fall in the value of money
- d) All of them

7. The main source of income for non-trading concern is:_____

- a) Subscription
- b) Sales
- c) Dividend on investment
- d) Entrance fee

8. If debit side of income and expenditure account is greater it is termed as:_____

- a) Excess of income over expenditure
- b) Net income
- c) Surplus balance
- d) Deficit balance

9. Statements of assets & liabilities prepared under single entry system is called:

- a) Balance sheet
- b) Profit & loss statement
- c) Statement of affairs
- d) Income Statement

10. Normally single entry system is suitable for:

- a) Small scale business
- b) Large scale business
- c) Both of them
- d) None of these

Continuation Sheet

Part – B (5 X 5 = 25 Marks)

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

Each question should not exceed 250 words

11(a) Detail the Types of Accounting.

(OR)

(b) Explain the Role of Accounting in Business Organizations.

12 (a) In what ways Clerical Errors are committed?

(OR)

(b) Mr. Hari is not an expert in accounting. He prepared the following Trial Balance. You are required to correct it and prepare a corrected Trial Balance.

S.No	Name of Account	Debit (Rs)	Credit (Rs)
1	Capital	-	15,560
2	Sales	-	27,560
3	Sales returns	-	980
4	Drawings	5,640	-
5	Sundry debtors	-	5,300
6	Freehold Premises	7,410	-
7	Purchases	12,680	-
8	Return outwards	2,640	-
9	Loan from Sharma	-	2,500
10	Sundry creditors	5,280	-
11	Administrative expensive	7,840	-
12	Cash in bank	1,420	-
13	Bills payable	1,000	-
14	Wages	5,980	-
15	Opening stock	-	2,640
16	Factory Expenses	4,650	-
		54,540	54,540

13(a) Why Depreciation is provided?

(OR)

(b) The cost of a machine is Rs. 35,00,000 with a salvage value of Rs. 5,00,000 at the end of its six years of life. Determine the total depreciation after five years using the Straight Line Method of Depreciation.

14 (a) How Donations are treated in Non-Trading organizations?

(OR)

(b) On 31-12-2010, subscriptions outstanding were Rs. 10,000 and received in advance for 2011 Rs. 8,000.

During 2011, subscriptions received were Rs. 80,000 including Rs. 7,000 towards the dues of the year 2010. On 31-12-2011, total subscriptions outstanding were Rs. 12,000 and received in advance for 2012 Rs. 6,000. You are required to ^{calculate} ~~write~~ the subscriptions to be credited to Income and Expenditure Account.

Page No. 3

Continuation Sheet

15(a) What are the Advantages of Single Entry Method?

(OR)

(b) From the following information ascertain Opening Stock on 1-1-2016

Purchases made during 2016	Rs. 2,50,000
Sales made during 2016	Rs. 3,25,000
Stock on 31-12-2016	Rs. 60,000
Wages	Rs. 3,000
Rate of Gross Profit on cost	25%

Part – C (5 X 8 = 40 Marks)

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

Each question should not exceed 600 words

16(a) Detail the Merits and Demerits of Accounting.

Or

(b) Explain the Principles of Accounting

17(a) Detail the different types of Errors.

(OR)

(b) From the following ledger balances are extracted from the books of Siddh.

	Rs.		Rs.
Capital	50,000	Sales	3,01,000
Bank OD	8,400	Return inwards	5,000
Furniture	5,200	Discount (Cr.)	800
Business Premises	40,000	Insurance	4,000
Creditors	26,600	General Expenses	8,000
Opening Stock	44,000	Salaries	18,000
Debtors	36,000	Commission allowed	4,400
Rent received	2,000	Carriage on purchases	3,600
Purchases	2,20,000	Provision for Doubtful debts	1,000
		Bad debts written off	1,600

Adjustments:

1. Stock on hand on 31-12-2015 was estimated as Rs. 40,120
2. Write off depreciation on business premises Rs. 600 and Furniture Rs. 520
3. Make a provision of 5% on debtors for bad & doubtful debts.
4. Allow interest on capital at 5%
5. Prepaid Insurance Rs. 1,400.

Prepare Final Accounts for the year ended 31-12-2015.

18(a) Differentiate between Straight Line Method and Written Down Value Method of Depreciation.

(OR)

Continuation Sheet

18 (b) Bala & Co., purchased a machine for Rs. 22,000 on January 1, 2012. The estimated life of the machinery is 10 years, after which its break-up value will be Rs. 2,000. Depreciation has to be charged at 21% on the diminishing balance. There was an addition to the original plant on January 1, 2014 to the value of Rs. 4,000. You are required to prepare Machinery A/c for the first three years.

19 (a) Differentiate Receipt and Payment Account from Income and Expenditure Account.

(OR)

(b) The following is the Receipts and Payments A/c of Delhi Football Association for the first year ending 31st Dec. 2017.

Receipts	Rs	Payments	Rs
To Donation	50,000	By Pavilion office	40,000
To Reserve Fund (Life membership fees & entrance fees received)	4,000	By Expenses in connection with matches	900
To Receipts from football matches	8,000	By Furniture	2,100
To Subscriptions	5,200	By Investments at cost	16,000
To Locker Rents	50	By Salaries	1,800
To Interest on securities	240	By Wages	600
To Sundries	350	By Insurance	350
		By Telephone	250
		By Electricity	110
		By Sundry Expenses	210
		By Balance on hand	5,520
	67,840		67,840

Additional Information:

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- (i) Subscriptions outstanding for 2017 are Rs. 250
- (ii) Salaries unpaid for 2017 are Rs. 170
- (iii) Wages unpaid for 2017 are Rs. 90
- (iv) Outstanding bill for Sundry Expenses is Rs. 40
- (v) Donations received have to be capitalized.

Prepare from the details given above an Income and Expenditure A/c for the year ended 31-12-2017 and the Balance sheet of the Association as on that date.

20(a) What are the Methods of calculating Profit in Single Entry System? Also explain the drawbacks of Single Entry System.

(OR)

(b) A trader keeps his books by single entry system. He started his business on 1st January 2019 with a capital of Rs. 100,000. On 1st July 2019, he borrowed Rs. 40,000 at 10% p.a. on 31st December 2019, his assets and liabilities (besides above) were:

Cash Rs. 6,000, Stock in trade Rs. 94,000, Debtors Rs.71,000, Furniture Rs.50,000 and Creditors Rs.42,000. Charge 10% depreciation on Furniture.

He has drawn Rs.2,500 for his personal use. During the year he further invested Rs.25,000 through sale of his private property.

Ascertain the Profit or Loss of the trader for the year.