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D2BBA1801 (S5)

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Reg. No.....

Name: .....

**SECOND SEMESTER UG DEGREE EXAMINATION, APRIL 2024**

**(Supplementary – 2018 Admission)**

**BBA**

**ABBA2B02T: FINANCIAL ACCOUNTING**

**Time: 3 Hours**

**Maximum Marks: 80**

**PART A: Answer *all* the questions. Each carries *one* mark.**

**Choose the correct answer.**

1. Which of the following is not an intangible asset?  
A) Patents.                      B) Goodwill.                      C) Preliminary expenses.                      D) Franchise rights.
2. Heavy initial expenditure on advertising the launch of a new product should be classified as  
A) Capital expenditure.                      B) Loss.  
C) Revenue expenditure.                      D) Deferred revenue expenditure.
3. An Income and Expenditure account reveals.  
A) Cash position                      B) Surplus or Deficit                      C) Capital fund.                      D) None of the above.
4. Example of a non-monetary item is.....  
A) Debtors.                      B) Creditors.                      C) Bank account.                      D) Inventories.
5. Sales are the basis of apportionment in the case of:  
A) Travelling salesman's commission.                      B) freight outwards.  
C) After sales service.                      D) All of the above.

**Fill in the Blanks.**

6. \_\_\_\_\_ is the amount required to be paid by the buyer on signing the Hire purchase agreement.
7. An entry with more than one debit or credit or both is called a \_\_\_\_\_
8. \_\_\_\_\_ means putting together items of a similar nature under a common heading.
9. EBIT stands for \_\_\_\_\_
10. The statutory auditor of a hotel company is called \_\_\_\_\_

**(10 x 1 = 10 Marks)**

**PART B: Answer any *eight* questions. Each carries *two* marks.**

11. What is contingent liability? Give examples.
12. What is a Trial balance?
13. What is stock and debtors system?
14. What is meant by inter-departmental transfer?
15. Goods are sent by the Head office at cost plus 25% profit. Goods of the invoice price of Rs 25,000 are sent during a particular period. Compute the amount of loading in the goods sent.
16. What is accounting standard?
17. Differentiate between Receipts and Payments account and Income and Expenditure account on the basis of nature and period.
18. What are the rights of Hirer?
19. What is meant by order of liquidity?
20. What is objectivity principle?

**(8 x 2 = 16 Marks)**

**(PTO)**

**PART C: Answer any six questions. Each question carries four marks.**

21. How do you allocate and apportion expenses of departments?  
 22. From the following particulars taken from the cash book of a health club, prepare Receipts and Payments account:

	Amount
Opening cash in hand	5,000
Opening cash at bank	25,000
Subscriptions	1,65,000
Donations	35,000
Investment purchased	80,000
Rent paid	20,000
General expenses	21,500
Postage and stationery	2,000
Courier charges	1,000
Sundry expenses	2,500
Closing cash in hand	12,000

23. Distinguish between hire purchase system and instalment system.  
 24. What do you mean by uniform system of accounting? State its advantages.  
 25. From the following information prepare a Balance sheet of ABC Hotel:

Particulars	Amount	Particulars	Amount
Cash in hand	10,000	Capital	5,25,000
Cash at bank	40,000	Accrued expenses	7,500
Closing stock	17,500	Debentures	35,000
Prepaid expenses	2,500	General reserve	40,000
Crockery and cutlery	17,500	Capital reserve	35,000
Land and Building	2,50,000	Profit and loss a/c	70,000
Marketable security	1,00,000	Sundry creditors	40,000
Sundry debtors	5,000	Bills payable	10,000
Kitchen equipment	1,00,000		
Music and sound system	40,000		
Deferred revenue expenditure	20,000		
Furniture and fixture	50,000		
Investments	1,10,000		
	7,62,500		7,62,500

26. A fire occurred in the premises of ABC Ltd. on 20<sup>th</sup> March 2023 and goods of the cost of Rs. 3,75,000 were lost for which insurance company admitted a claim of rs 2, 50,000 on 29<sup>th</sup> March 2023. Give journal entries and goods lost by fire account in the book of Jamshedji. Accounts are closed on 31<sup>st</sup> March.  
 27. Differentiate between Capital receipts and Revenue receipts with examples.  
 28. On 1<sup>st</sup> January 2023 Modern Traders opened a Branch at Chennai which goods are sent at cost where sales are made both for cash and credit. The following relate to the branch for the year 2023.

Goods sent to branch-40,000  
 Cheque sent to branch for:  
     Rent-1500  
     Salary-2000  
     Office expenses-550  
 Cash sales-31,000  
 Credit sales-20,000  
 Cash received from debtors-16,000  
 Closing stock-3,000  
 Debtors at branch on closing-4000

Prepare Chennai Branch account for the year 2023.

**(6 x 4 = 24 Marks)**

**PART D: Answer any two questions. Each carries fifteen marks.**

29. What is Accounting Standards Board? Explain the functions of Accounting Standards Board.  
 30. Prepare Final accounts from the following Trial balance:

Particulars	Amount	Particulars	Amount
Stock at the beginning	52,500	Capital	90,000
Building and machinery	1,60,000	Creditors	43,500
Purchases	1,50,000	Bank overdraft	20,000
Salaries	18,000	Provision for bad debts	3,000
Debtors	51,000	Sales	3,38,500
Manufacturing expenses	45,000	Bad debts recovered	1,000
Carriage	4,000		
Factory expenses	10,000		
Bad debts	2,125		
Insurance	1,500		
Cash	1,875		
	4,96,000		4,96,000

**Adjustments:**

- Insurance unexpired amounts to rs 250
- Interest on overdraft due amounts to rs 1250
- Write off Rs. 1000 for bad debts
- Provide for bad and doubtful debts @ 5%
- Provide for interest on capital at 5%
- Closing stock is valued at Rs. 69,000.

31. A firm has two departments- A and B. All goods purchased by the department B from department A are charged at the usual selling price. From the following particulars prepare departmental trading and profit and loss account for the year ended December 31, 2023.

	A	B
Stock 1/1/2023	1,00,000	25,000
Purchases	10,00,000	7,500
Sales	11,00,000	2,25,000
Transfer to B	1,50,000	
Expenses:		
Manufacturing		30,000
Selling	10,000	3,000
Stock 31/12/2023	1,00,000	30,000

The stocks in the B department be considered as consisting of 75% cloth supplied from department A and 25% expenses and clothes from outside. Department A earned gross profit in 2022 at the same rate as in 2023. General expenses of the business as a whole in 2023 amounted to Rs. 45,000.

**(2 x 15 = 30 Marks)**