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Reg. No. :

Name :

First Semester B.B.A. Degree Examination, December 2014
Career Related First Degree Programme under CBCSS
Group 2(b)
Core Course
BM 1143 : FINANCIAL ACCOUNTING
(2014 Admission)

Time : 3 Hours

Max. Marks : 80

SECTION – A

Answer **all** questions in **one** or **two** sentences. **Each** question carries **1** mark.

1. What do you mean by Accounting Conventions ?
2. What is going concern concept ?
3. What are errors of omission ?
4. What is trading account ?
5. What are redeemable preference shares ?
6. What are calls in advance ?
7. What do you mean by Financial Statements ?
8. Give a brief account of GAAP.
9. What is the effect of forfeiture of shares ?
10. What is sectional balancing ?

(10×1=10 Marks)

SECTION – B

Answer **any eight** questions, **not** to exceed **one** paragraph. **Each** question carries **2** marks.

11. Give any two features of Accounting Principles.
12. What are Compensating Errors ?
13. Write a short note on closing entries.

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14. What are current liabilities ? Give an example.
15. What are prepaid expenses ? Give the adjusting entry for prepaid expenses.
16. Name any two objectives of providing depreciation.
17. How Ledgers are made self-balancing ?
18. What do you mean by fixed assets ? Give an example.
19. Name any two methods of providing for depreciation.
20. What is meant by oversubscription of shares ?
21. What do you mean by Surrender of Shares ?
22. What is meant by Capital Reserve ? Give an example. (8×2=16 Marks)

SECTION – C

Answer **any six** questions, **not to exceed 120 words**. **Each** question carries **4** marks.

23. What are the objectives of preparing the Trial Balance ?
24. What do you understand by Deferred Revenue Expenditure ? Give examples.
25. Differentiate between accrued income and income received in advance.
26. Distinguish between self-balancing and sectional balancing system.
27. Journalise the following transactions :
 - a) Mr. Sugathan, a stationery dealer, purchased stationery Rs. 25,000 ; paid cartage on stationery Rs. 100.
 - b) Purchased furniture Rs. 1,500 ; paid cartage Rs. 35.
 - c) Purchased a computer Rs. 15,000 ; paid taxi charges in bringing the computer Rs. 100.
 - d) Purchased machinery for Rs. 35,000 ; paid installation charges Rs. 1,000, freight Rs. 350 including insurance.
28. How do you rectify the following errors ?
 - i) A sale of goods for Rs. 500 to Soman was entered in the Purchases book.
 - ii) Goods worth Rs. 700 taken by the proprietor for his private use were entirely omitted.
 - iii) A sales return of Rs. 1,000 from Bhagavan was entered in the Purchases Day Books.
 - iv) Wages of Rs. 1,000 spent on erection of machinery debited to wages account.
29. How will you deal with the following items appearing in the Trial Balance when preparing final accounts at the end of the year ?
 - i) Wages
 - ii) Life insurance premium
 - iii) Rent outstanding
 - iv) Stock at the end.



30. Surya Ltd. had 2,000, 7% redeemable preference shares of Rs. 50 each fully paid up. The company decided to redeem these shares at 5% premium by the issue of sufficient number of equity shares Rs. 10 each fully paid at 10% premium.

The company had Rs. 75,000 undistributed profit in Profit and Loss account on the date of redemption. Pass journal entries in the books of the company.

31. On January 1, 2013, the Provision for Bad Debts Account in the books of G. Ganapathy showed a credit balance of Rs. 2,300. During the following twelve months debts amounting to Rs. 1,850 were written off as irrecoverable and Rs. 250 was received in respect of a debt previously written off in 2012. At December 31, Ganapathy decided to carry forward a provision of Rs. 2,500. You are required to record the above in Ganapathy's ledgers. **(6x4=24 Marks)**

SECTION – D

Answer **any two** questions. **Each** question carries **15** marks.

- 32. What do you mean by accounting concept ? Discuss the important concepts in accounting.
- 33. Discuss in detail the different types of accounting errors.
- 34. From the following trail balance, prepare Trading and Profit and Loss account for the year ended 31st March, 2013 and a Balance Sheet as on that date :

Trial Balance

Particulars	Debit Rs.	Credit Rs.
Capital		54,000
Stock (1-4-2012)	9,500	
Machinery	18,000	
Purchases	19,500	
Sales		30,750
Purchase returns		630
Sales returns	490	
Direct wages	1,100	
General expenses	590	
Discount	385	
Drawings	700	
Salaries	1,100	
Carriage inwards	530	
Vehicles	14,000	



Furniture	2,400	
Sundry Creditors		4,035
Sundry Debtors	3,950	
Cash in hand	540	
Cash at bank	15,340	
Insurance	850	
Commission		410
Rent	850	
	89,825	89,825

Adjustments :

- 1) Closing stock was valued at Rs. 10,900.
 - 2) Wages outstanding Rs. 350.
 - 3) Insurance prepaid Rs. 50.
 - 4) Depreciate machinery by 10%.
35. From the following particulars you are required to write up the individual Debtors Accounts and the General Ledger Adjustment Account (in Sales Ledger) and Sales Ledger Adjustment Account (in General Ledger) of Sri Rajendran (who keeps his ledger on self-balancing system) during the month of July, 2014 :

Individual Debtor's Balances on 1st July 2014 :

A) Rs. 510 ; B) Rs. 540 ; C) Rs. 630 ; D) Rs. 390 ;

Transactions during the month of July, 2014 :

July 2 Sold goods to A, Rs. 570.

" 9 Received from B on Account, Rs. 100.

" 11 Received from A Rs. 500 in full settlement of his balance on 1st July, 2014.

" 13 Sold goods to B, Rs. 200.

" 14 B returned goods, which were damaged in transit, Rs. 60.

" 18 Received from C Rs. 600 and allowed him discount; Rs. 30.

" 19 Received from A, a bills of exchange for Rs. 400 accepted by R payable on 25th July.

" 22 Received from B, Rs. 300.

" 25 A's acceptance returned dishonoured.

" 27 D became insolvent and 30 paise in the rupee was received from his estate in full and final settlement.

" 30 Sold goods to C, Rs. 340.

(2×15=30 Marks)