



Reg. No. : .....

Name : .....

**First Semester B.B.A. Degree Examination, January 2016**  
**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 principles ?
2. What is matching concept ?
3. What is GAAP ?
4. What is a Balance Sheet ?
5. What is an opening entry ?
6. What are current liabilities ?
7. What is fixed capital ?
8. What are calls in advance ?
9. What is subscribed capital ?
10. What are self-balancing of ledgers ?

**(10×1=10 Marks)**

**SECTION – B**

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

11. What do you understand by Double Entry System ?
12. Give a brief account of accounting equation.
13. What are direct expenses ? Give one example.
14. What are the causes of providing depreciation ?



15. What is meant by forfeiture of shares ?
16. What do you mean by capital reserve ? Give an example.
17. What do you understand by errors of principle ? Give an example.
18. What do you mean by surrender of shares ?
19. How ledgers are made self-balancing ?
20. Define fixed assets. Give an example.
21. Write a short on Suspense Account.
22. What is a Control Account ?

(8×2=16 Marks)

### SECTION – C

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

23. Distinguish between debenture and share.
24. What is deferred revenue expenditure ? Give examples.
25. Define Trial Balance. What are the important objects of Trial Balance ?
26. Write short notes on the following :
  - a) Drawings
  - b) Minimum subscription
  - c) Preliminary expenses
  - d) Financial statements
27. Razak, who holds 200 shares of Rs. 10 each, paid application money Rs. 2 per share. The amount called on allotment was Rs. 3 per share. John, who holds 250 shares of Rs. 10 each, failed to pay first call of Rs. 3 each, and second and final call of Rs. 2 each.

All the above shares were forfeited after the second call, and were subsequently reissued for Rs. 8 fully paid up.

Show the necessary journal entries.
28. Differentiate between outstanding expense and prepaid expense.
29. Distinguish between self-balancing and sectional balancing system.



30. Rectify the following errors :

- i) Rs. 25,000 paid in cash for a computer was charged to office expenses account.
- ii) An amount of Rs. 500 due from David which had been written off as bad in the previous year was recovered and had been posted to the personal account of David.
- iii) The sales day book is undercast by Rs. 900.
- iv) An amount Rs. 850 withdrawn for personal use is debited to Office Expenses account.

31. On October 1, 2013, the Bad Debts Provision Account of a business stood at Rs. 3,768. During the ensuing twelve months bad debts amounting to Rs. 3,389 were written off. On June 30, 2014, a payment of Rs. 80 was received on account of a debt which had been treated as irrecoverable two years previously. The debts outstanding at September 30, 2014 were examined, and the accountant was instructed to make provision of Rs. 3,400 to cover the anticipated loss.

You are required to show the Ledger Account or Accounts as they would appear after the closing of the books had been completed.

**(6x4=24 Marks)**

#### SECTION – D

Answer any two questions. Each question carries 15 marks.

32. Name and explain the different types of accounting errors.

33. Define Accounting Standards. Explain any six Accounting Standards.

34. From the following figures extracted from the books of Mr. Haridas, you are required to prepare a Trading and Profit and Loss account for the year ended 31<sup>st</sup> December, 2013 and a Balance Sheet as on that date after making necessary adjustments.

<b>Debit Balances</b>	<b>Rs.</b>	<b>Credit Balances</b>	<b>Rs.</b>
Purchases	1,20,500	Capital	52,000
Stock on 1 <sup>st</sup> January	21,500	Sales	1,86,000
Salaries	14,000	Sundry Debtors	10,900
Rent and Rates	3,000		
Insurance	800		
General expenses	3,100		



Wages	25,000
Machinery	31,000
Sundry Debtors	20,000
Cash at bank	3,000
Drawings	7,000

**Adjustments :**

- 1) Salaries for the month of December still unpaid Rs. 1,600
- 2) Insurance prepaid to the extent of Rs. 250
- 3) Depreciate machinery by 10%
- 4) Closing stock was valued at Rs. 26,000.

35. Following particulars are obtained from the books of a Company for the year ended 31<sup>st</sup> March, 2014 :

	Rs.		Rs.
Cash Sales	25,000	Bills receivable dishonoured	2,500
Credit purchases	2,80,000	Returns inward	8,500
Collection from Debtors	4,25,000	Payment to Creditors	1,62,000
Bills receivable received	20,000	Discount allowed	3,000
Discount received	2,500	Debtors' cheque returned dishonoured	7,500
Cash purchases	12,000	Credit sales	4,90,000
Bills payable paid	6,500	Bills receivable collected	10,000
Recovery of Bad Debts	1,500	Return outward	3,700
Bills receivable discounted with Bank		Bills receivable endorsed to creditors	7,900
Interest charged on overdue Customer's Accounts	8,000	Overpayments refunded by suppliers	600
Endorsed bills receivable dishonoured (noting charges Rs. 75)	1,200	Bad Debts	1,000
Bills payable accepted	5,500	<b>Opening Balance :</b>	
	16,000	Sundry Debtors	78,000
		Sundry Creditors	85,000

You are required to prepare Total Debtors Account and Total Creditors Account.

(2x15=30 Marks)