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Name.....

Reg. No.....

SECOND SEMESTER (CBCSS-UG) DEGREE EXAMINATION**APRIL 2024**

B.B.A.

BBA 2B 02—FINANCIAL ACCOUNTING

(2019—2023 Admissions)

Time : Two Hours and a Half

Maximum : 80 Marks

Section A*All questions can be attended.**Each question carries 2 marks.*

1. State the objectives of Accounting.
2. What is meant by Hire Purchase system ?
3. Write short notes on Share Premium.
4. What is a Balance Sheet ?
5. State the objectives of Branch Accounting.
6. What does Business entity concept means ?
7. What do you mean by Outstanding Expenses ?
8. Write short notes on Branch Adjustment Account ?
9. What do you mean by Accounting Standards ?
10. Distinguish between Hire Purchase and Instalment System.
11. A and B are partners sharing profits in the ratio of 3 : 2. C is admitted as a new partner. The new profit sharing ratio among A, B and C is 5 : 3 : 2. Find the sacrificing ratio.
12. Write notes on Debtors System.
13. Comment on the advantages of Preference Shares.
14. What do you mean by Repossession ?
15. Write short notes on Hire Vendor.

(15 × 2 = 30 Marks, Maximum ceiling 25 Marks)

Turn over

Section B

*All questions can be attended.
Each question carries 5 marks.*

16. Differentiate between a 'dependent branch' and an 'independent branch'.
17. Discuss the advantages of Accounting Standards.
18. Ram and Bros of Kochi has its Branch at Calicut. The following transactions are being made for the year ended 31st March 2022.

Stock at the branch at the beginning of the year - Rs. 18,000

Petty cash balance at the beginning of the year - Rs. 30

Goods sent to branch during the year - Rs. 80,000

Remittances to branch for :

Salaries - Rs. 3,000

Rent - Rs. 4,000

Petty cash - Rs. 170

Cash remittance by branch (cash sales) - Rs. 130,000

Stock at branch on 31.03.2022 - Rs. 21,000

Petty cash balance on 31.03.2022 - Rs. 40

Give journal entries in the books of Head Office.

19. Pass Journal Entries under the following circumstances :
- (a) A, B and C are partners sharing profits and losses in the ratio of 3 : 2 : 1. C retires from the business, the value of goodwill has been agreed at Rs. 60,000. At present, goodwill appearing in the books at Rs. 90,000. After, retirement, no goodwill is to be shown.
- (b) X, Y and Z are partners sharing profits and losses of 4 : 3 : 2. Z retires from the business. The value of goodwill is Rs. 90,000. Goodwill appearing in the Balance Sheet at Rs. 54,000. X and Y decided to share profits and losses in the ratio of 3 : 1.
20. Briefly explain the accounting concepts which are widely accepted.
21. X purchased a machinery on hire purchase system. The cash price of the machine was Rs. 3,60,000. He agrees to pay four quarterly installments of Rs. 1,00,000 each. Calculate interest for each quarter.

22. M/s A, B and C who shares profit and losses in the ratio of 3 : 2 : 2 arranges for a joint life policy of the partners of Rs. 50,000 from 5.3.2012 in order to provide for the repayment of the deceased partner's share. The annual premium of Rs. 1,000 is debited to the Joint Policy Account. The premia were paid on 5th March of every year and the last of such premium was paid in 2015. The surrender values of the policy in the various years are: 2012-Nil ; 2013-Rs.100 ; 2014-Rs. 250. A died on 14.4.2015 and the policy amount was secured in full on 30.4.2015. Show the Joint Life Policy Account and the Joint Life Policy Reserve Account assuming that the accounts were closed on 30th April every year.
23. X Ltd. Issued 10,000, 8 % Debentures of Rs.10 each. Pass necessary journal entries in each of the following conditions :
- Issued at par and redeemable at par.
 - Issued at 5% discount and redeemable at par.
 - Issued at par and redeemable at a premium of 10 %.
 - Issued at 5% discount and redeemable at 10 % premium.
 - Issued at 6% discount and redeemable at 6 % premium.

(8 × 5 = 40 Marks, Maximum ceiling 35 Marks)

Section C

Answer any two questions.

Each question carries 10 marks.

24. On 1st January 2010 Laxman Associates bought two trucks for Rs. 800,000 under hire purchase system from Hira Traders. Laxman paid Rs. 200,000 immediately and the balance was to be paid in three annual instalments of Rs. 200,000 each together with interest at 20 % per annum. Laxman paid the instalment due up to the end of 2011 but could not pay the next as a result one truck was repossessed for Rs. 140,000 by adjusting its value against the amount due. Laxman depreciated the trucks at 20 % diminishing balancing method. Prepare important ledger Accounts in the books of Laxman.
25. From the following Trial Balance of Mr.Midhin as on 31st March 2022, prepare Trading and profit and loss account taking into account the adjustments.

Debit Balances	Rs.	Credit Balances	Rs.
Building	62,000	Capital	62,000
Patents	7,500	Sales	98,780

Turn over

Debit Balances	Rs.	Credit Balances	Rs.
Stock 1.4.2021	5,760	Return Outwards	500
Debtors	14,500	Creditors	6,300
Purchases	40,675	Bills Payable	9,000
Cash at bank	3,170		
Return Inwards	680		
Wages	13,210		
Carriage on Purchases	2,040		
Salaries	21,800		
Drawings	5,245		
TOTAL	1,76,580		1,76,580

Adjustments :

- (a) Stock on 31.3.2022 was Rs. 6,800.
- (b) Salary outstanding Rs. 1,500.
- (c) Depreciate patents at 20 %.
- (d) Create a provision of 2 % on debtors for bad debts.

26. A Head office in Delhi has two branches at Mumbai and at Chennai. Goods are consigned to them at loaded figures of 10 % and 20 % on cost respectively. Invoices to the branches are Rs. 44,000 and Rs. 60,000 respectively. Included in the item Rs. 44,000 are invoices for goods costing Rs. 12,000 invoiced to Mumbai branch at Rs. 13,200 which should have been invoiced to Chennai branch. Sales are all for cash, being Mumbai branch Rs. 22,000 and Chennai branch Rs. 50,400. It may be presumed that the closing stocks are correct. Prepare the following accounts in the books of Head Office.

- (a) Branch Stock account ;
- (b) Goods sent to Branch account ; and
- (c) Branch Adjustment account.

27. What is an Equity Share ? Comment on the accounting procedure for recording the issue of equity shares in different contexts.

(2 × 10 = 20 marks)