

C 43116

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Name.....

Reg. No.....

**SECOND SEMESTER (CBCSS—UG) DEGREE EXAMINATION  
APRIL 2023**

B.B.A.

BBA 2B 02—FINANCIAL ACCOUNTING

(2019—2022 Admissions)

Time : Two Hours and a Half

Maximum : 80 Marks

**Part A***Answer the following questions.**Each question carries 2 marks.*

1. What is meant by an accounting or financial year ?
2. What do you mean by the Convention of Consistency ?
3. What do you mean by gaining ratio and sacrificing ratio ?
4. List out any *two* features of independent branches.
5. What do you mean by redeemable and irredeemable debentures ?
6. What do you mean by Over Subscription ?
7. What is meant by posting ?
8. What do you mean by Right issue ?
9. List out any *four* uses or importance of accounting.
10. What is a partnership deed ?
11. What do you mean by a share and share capital ?
12. What are Accounting Standards ?
13. Why balance sheet is also called a 'position statement' ?
14. List out any *two* differences between hire purchase and sale.
15. What do you mean by Goodwill ?

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

**Turn over**

**Part B**

*Answer the following questions.*

*Each question carries 5 marks.*

16. A and B are partners in the firm sharing profits and losses in a ratio of 5 : 3. A surrenders  $\frac{1}{20}$ <sup>th</sup> of his share, whereas B surrenders  $\frac{1}{24}$ <sup>th</sup> of his share in favour of C, a new partner. Find the new profit-sharing ratio.
17. Distinguish between Hire Purchase and Instalment System.
18. Thameem and Binu had a firm in which they had invested ₹ 50,000. On an average, the profits were ₹ 18,000. The normal rate of return in the industry is 15 %. Goodwill is to be valued at four years purchase of profits in excess of profits @ 15 % on the money invested. Calculate the value of goodwill.
19. Give adjusting entries for the following :
  - a) Outstanding salary of Rs. 8,000
  - b) Rent received in advance Rs. 6,900
  - c) Provision for doubtful debts Rs. 8,800
  - d) Depreciation @ 5 % on a machine costing Rs. 18,000.
  - e) Interest accrued Rs. 4,500.
20. Renuk purchased 4 cars of 15000 each on hire purchase system the hire purchase price for all the 4 cars was 80,000 to be paid 20000 down and 3 instalments of 20,000 each at the end of each year interest is charged @ 5 % p.a, buyer depreciates cars @ 10 % p.a on the straight-line method.

After having paid the down payment and first instalment, the buyer could not pay 2<sup>nd</sup> instalment and the seller took possession of three cars at an agreed value to be calculated after depreciating cars at 20 % p.a on the written down value method and one car was left with the buyer. Calculate the value of the asset taken by the seller as well as the value of the asset left with the buyer.
21. List out the differences between a trial balance and a balance sheet.
22. Q Ltd. issued 1,00,000 12 % Debentures of 100 each at a discount of 10 % payable in full on application by 31<sup>st</sup> May 2021. Applications were received for 1,20,000 debentures. Debentures were allotted on 9<sup>th</sup> June 2021. Excess money was refunded on the same date. Pass necessary Journal Entries.

23. In the absence of a partnership deed, specify the rules relating to the following:

- a) Sharing of profits and losses.
- b) Interest on partner's capital.
- c) Interest on Partner's drawings.
- d) Interest on Partner's loan.
- e) Salary to a partner.

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

### Part C

*Answer any two questions.*

*Each question carries 10 marks.*

24. What do you mean by Accounting Concepts ? What are the various Accounting Concepts ?

25. The RAK Ltd Calicut has a branch in Kannur. The head office pays all expenses except petty expenses which were met by the branch. All cash received by the branch was remitted to the head office daily. The following are the transactions between head office and branch during the year ending 31<sup>st</sup> December 2021.

<i>Particulars</i>	<i>Amount</i>
Stock at branch 1 <sup>st</sup> January 2021	14,000
Branch debtors on 1 <sup>st</sup> January 2021	4,000
Petty cash on 1 <sup>st</sup> January 2021	400
Goods sent to the branch during the year	60,000
Cash sales	80,000
Credit sales	40,000
Cash received from the debtors	32,000
Goods returned by the branch	2,000
Returns from customers	3,000

**Turn over**

<i>Particulars</i>	<i>Amount</i>
Cheque sent to branch for expenses :	
Salary           6,000	
Rent             2,000	
Petty cash      1,000	9,000
Stock at the branch on 31 <sup>st</sup> December 2021	8,000
Branch debtors on 31 <sup>st</sup> December 2021	9,000
Petty cash at the branch on 31 <sup>st</sup> December 2021	600

Prepare the Kannur Branch account in the Calicut office books.

26. XYZ Limited invited applications for 15,000 shares of Rs. 10 each issued at Rs. 11.50 payable as follows :

- a) On application 1<sup>st</sup> July Rs. 7.50 per share
- b) On allotment on 31<sup>st</sup> July Rs. 2.00 per share
- c) On First and Final Call on 31<sup>st</sup> August Rs. 2.00 per share

Applications were received for 18,000 shares and it was decided to deal the same as follows in arrangement with Stock Exchange authorities :

- (a) To refuse allotment to applicants for 800 shares.
- (b) To give full allotment to applicants for 2,200 shares.
- (c) To allot the remaining shares pro-rata among other applicants.
- (d) To utilise the surplus received on the application in part payment of amounts due on allotment. An applicant to whom 40 shares were allotted, failed to pay the amount due on the First and final Call and his shares were forfeited on 31<sup>st</sup> October These shares were reissued on 5<sup>th</sup> November as fully paid at Rs. 9 per share.

Give necessary journal entries.

27. Prepare the trading and profit and loss account and a balance sheet from the following particulars :

Account	Amount	Account	Amount
Sundry Debtors	1,00,000	Bills Payable	85,550
Bad Debts	3,000	Sundry Creditors	25,000
Trade Expenses	2,500	Provision for Bad Debts	1,500
Printing and Stationery	5,000	Return Outwards	4,500
Rent, Rates and Taxes	3,450	Capital	2,50,000
Freight	2,250	Discount Received	3,500
Sales Return	6,000	Interest Received	11,260
Motor Car	25,000	Sales	1,00,000
Opening Stock	75,550		
Furniture and Fixture	15,500		
Purchase	75,000		
Drawings	13,560		
Investments	65,500		
Cash in Hand	36,000		
Cash at Bank	53,000		
	<b>4,81,310</b>		<b>4,81,310</b>

**Adjustments :**

- Closing stock was valued at Rs. 35,000.
- Depreciation charged on furniture and fixture @ 5 %.
- Further bad debts Rs. 1,000. Make a provision for bad debts @ 5 % on sundry debtors.
- Depreciation charged on motor car @ 10 %.
- Interest on drawings @ 6 %.
- Rent, rates and taxes was outstanding Rs. 200.
- Discount on debtors 2 %.

(2 × 10 = 20 marks)