

Reg. No. :

Code No. : 30424 E Sub. Code : AMBA 31

B.B.A. (CBCS) DEGREE EXAMINATION, APRIL 2023.

Third Semester

Business Administration – Core

FINANCIAL ACCOUNTING

(For those who joined in July 2020 only)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer.

1. A ledger:
 - (a) Is known as a worksheet
 - (b) Can replace the financial statements
 - (c) Includes all company accounts and their related balances
 - (d) Is the same as a chart of accounts

2. Business transactions are first recorded in the:
- (a) Ledger
 - (b) Journal
 - (c) Trial balance
 - (d) Interim statement
3. Suspense account having credit balance will be shown on the
- (a) Credit side of the profit and loss A/c
 - (b) Liabilities side of the balance sheet
 - (c) Assets side of the balance sheet
 - (d) Debit side of the profit and loss A/c
4. Balance sheet is a
- (a) Subsidiary
 - (b) Ledger
 - (c) Statement
 - (d) Journal
5. Under the straight line method of charging depreciation, depreciation _____.
- (a) Increases every year
 - (b) Decreases every year
 - (c) Is constant
 - (d) Fluctuate every year

6. Depreciation is provided on
- (a) Current asset
 - (b) Fixed asset
 - (c) Fictitious asset
 - (d) Investment
7. Which of the following is an example of non trading organisation
- (a) Public hospital
 - (b) Public educational institutions
 - (c) Clubs
 - (d) All of these
8. _____ prepare receipts and payment account, income and expenditure account and balance sheet
- (a) Non Profit Organisations
 - (b) Manufacturing organisations
 - (c) Multinational organisations
 - (d) Transnational organisations

9. Convergence to IFRS means
- (a) Arguments against the standards
 - (b) Alignment to the standards
 - (c) Conflicting against the standards
 - (d) Challenging the standards
10. Expand IASB
- (a) Indian Accounting Standards Board
 - (b) International Accounting System of Banking
 - (c) Indian Accounting System of Banking
 - (d) International Accounting Standards Board

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) Explain the importance of financial accounting.
- Or
- (b) What are subsidiary books? Explain.

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12. (a) P & Co. is in business dealing in pest control. Its owner, K. Mondal, employs a team of eight workers who were paid Rs. 3,000 per month each in the year to 31 December, 2015. At the start of 2016 he raised salaries by 10% to Rs. 3,300 per month each. On 1 July, 2016, he hired a trainee at a salary of Rs. 2,100 per month. He pays his work force on the first working day of every month, one month in arrear, so that his employees receive their salary for January on the first working day in February etc.

You are required to:

- (i) Calculate the amount of salaries which would be charged in the Profit and Loss Account of P and Co. for the year ended on 31 December, 2016.
- (ii) Calculate the amount actually paid in salaries during the year.

Or

- (b) What is the difference between outstanding expenses and prepaid expenses?

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13. (a) If a machine costs Rs. 1,20,000 on 1.1.2017, has a salvage value at Rs. 20,000 and a life of 10 years, assuming the accounting year ends on 31st December, calculate annual depreciation using straight line method.

Or

- (b) What is insurance policy depreciation method? Explain.
14. (a) From the following details calculate the amount of subscriptions to be credited to Income and Expenditure Account of the year 2016.
- (i) Subscriptions received during the year 2016 Rs. 7,000
- (ii) Subscriptions outstanding at the beginning of 2016 Rs. 1,400
- (iii) Subscriptions outstanding at the closing of 2016 Rs. 1,600

Or

- (b) What is subscription? How is it calculated?

15. (a) Describe the need of harmonization with Global Accounting Standards.

Or

- (b) Write a note on Indian accounting standards.

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Write about accounting principles and explain their importance in recording the financial transactions.

Or

- (b) Suresh started business as a coal merchant on 1st October, 2004. He put into the business Rs. 5,500 cash which he put in to the Bank. His other transactions were

		Rs.
October 1	Drew cheque for office use	250
4	Purchased account books and stationery	50
6	Sold for cash 5 cwt of coal @ Rs. 20 years cwt	
8	Paid wages	25

Rs.

12 Paid by cheque to Narasimhan the amount due less 5% cash discount	
16 Norwood paid his account by cheque less 2 ½ % cash discount	
17 Paid rent out of cash	100
31 Paid salaries out of Bank	150
31 Drew for Domestic use cheque	200

Write up a three column cash book incorporating the above transactions

17. (a) Explain the purpose of Trading, Profit and Loss Account and Balance Sheet.

Or

- (b) Prepare the Trial Balance of M/s. Radhi and Co. for the year ended on 30th June, 2007 from the following figures: capital Rs. 46,000, Cash Rs. 2,400, Commission (Dr.) Rs. 500, Purchases Rs. 23,800, Bank Rs. 5,100, Drawings Rs. 1,240, Discount (Dr.) Rs. 250, Salaries Rs. 3,710, Furniture Rs. 2,200, Wages Rs. 9,270. Sales Rs. 40,960, Rent Rs. 2,520, Debtors Rs. 27,040, Sundry expenses Rs. 40,120, Creditors Rs. 8,840. Machinery Rs. 6,600, Advertisements Rs. 600, Opening stock Rs. 6,000.

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18. (a) Explain the importance of depreciation.

Or

- (b) A company purchased a second hand plant for Rs. 30,000. It immediately spent on it Rs. 5,000. The plant was put to use on 1-1-1990. After having used it for 6 years, it was sold for Rs. 15,000. You are required to prepare the plant account for all the six years providing depreciation at 10% p. a. on original cost.
19. (a) From the Receipt and Payment Account given below, prepare the Income and Expenditure Account of Clean Delhi Club for the year ended March 31, 2014.

Receipt and Payment Account for the year ending March 31, 2014

Dr.	Amount Payments	Cr.	
	Rs.	Amount	
		Rs.	
Balance b/d	3,200	Salary	1,500
(Cash in hand)			
Subscriptions	22,500	Rent	800
Entrance Fees	1,250	Electricity	3,500
Donations	2,500	Taxes	1,700

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Dr.	Amount	Payments	Cr.	Amount
	Rs.		Rs.	
Rent of hall	750	Printing and Stationery		380
Sale of investments	3,000	Sundry expenses		920
		Books purchased		7,500
		Govt. bonds purchased		10,000
		Fixed deposit With bank (on 31.03.2014)		5,000
		Balance c/d		
		Cash in hand	400	
		Cash at bank	1,500	
	<u>33,200</u>			<u>33,200</u>

Or

- (b) Distinguish between Receipts and Payments Account and Income and Expenditure Account.

20. (a) Explain the features of International Financial Reporting standards.

Or

- (b) Discuss the salient features of accounting standards issued by ICAI.