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Reg. No:.....

Name:

FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE

Second Semester BBA Degree Examination, April 2022

BBA2B02 – Financial Accounting

(2019 Admission onwards)

Time: 2.5 hours

Max. Marks: 80

PART A
Answer all questions

1. Define accounting.
2. What is journal?
3. Explain 'doctrine of prudence'.
4. Who is a creditor?
5. Write journal entry for withdraw goods from business for personal use.
6. A company's sales is Rs.845,000 and cost of goods sold is Rs.580,000.
Calculate its gross profit.
7. What is fictitious asset?.
8. Write two limitations of financial statements.
9. Discuss the need for preparing Balance sheet?
10. What is hire purchase system?
11. What is partial repossession?
12. What is stock and debtors system in Branch Accounting ?
13. What is right share?
14. State any two features of branches?
15. What is IPO?

(15 x 2 = 30 , Maximum ceiling 25 marks)

PART B
Answer all questions

16. Explain the purpose of preparing trial balance.
17. Explain the limitations of financial accounting.

18. Prepare a trading account of Mr. Mohan from the following figures:

Opening stock	Rs. 5,000
Adjusted Purchases	Rs. 12,500
Sales	Rs. 23,600
Return Inward	Rs. 600
Closing stock	Rs. 3,000
Direct expenses	Rs. 5,000

19. What are the adjusting entries for the following:

- a) Salary outstanding Rs.1000 b) Insurance paid in advance Rs.500
c) Unearned interest Rs.700 d) Provision of Rs.2000 for bad and doubtful debt.

20. X purchased machinery under hire purchase agreement from Y. The cash price of the machinery was Rs. 15,500. The payment as to be made as follows : On signing the agreement Rs.3,000 First year end Rs.5,000 Second year end Rs. 5,000 Third year end Rs.5,000 Calculate interest for each year.

21. Write necessary journal entries in the books of H.O for the following transactions (the accounting year ends on 31st march)

- a) Goods sent by H.O March 27 worth Rs.4000 to the Kannur branch not received by the branch till march 31.
b) Goods sent by Calcutta Branch to Manglore branch for Rs.1,600 have not yet been recorded.
c) Mangalore branch paid Rs.5000 for a machine purchased by the H.O. for the latter.
d) Depreciation at 10% on furniture mangalore branch furniture a/c is maintained in the H.O. books, the cost of furniture is Rs.20,000.

22. X Ltd. With a paid up capital of Rs.5,00,000 divided into shares of Rs.10 each fully paid had resolved to capitalise Rs. 80,000 of the accumulated reserves of Rs.1,25,000 by issuing bonus shares of Rs.10 each fully paid .Pass necessary journal entries.

23. What journal entries will be made in the following cases:

- a) A company issued Rs.40,000 6% debentures at par redeemable at par
b) A company issued Rs.40,000 6% debentures at discount of 10% redeemable at par
c) A company issued Rs.40,000 6% debentures at premium of 5% redeemable at par
d) A company issued Rs.40,000 6% debentures at par redeemable at 10% premium

(8 x 5 = 40, Maximum ceiling 35 marks)

PART C

Answer any two questions

From the following Trial Balance of Rao, Prepare Trading and Profit and Loss Account for the year ended March 31, 2021 and Balance Sheet as on that date.

Trial Balance as on March 31, 2021

Debit Balances	Rs.	Credit Balances	Rs.
Drawings	4260	Capital	27000
Furniture	5,700	Sales	71436
Opening Stock	8,760	Purchases Returns	1,746
Purchases	62,172	Provision for Bad Debts	600
Sales Returns	1260	Sundry Creditors	6000
Salaries	2640	Interest Received	750
Rent	720	Discount	360
Carriage	1500	Bank Over Draft	1200
Taxes and Rates	1200	Bills Payable	1080
Baddebts	1032		
sundry Debtors	19200		
Cash in hand	288		
Bills Receivable	1440		
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Consider the following adjustments:

- Stock on December 31, 2021 was valued at Rs.10,200.
- Provide for doubtful debts at 5% on Sundry Debtors and for Discount on Creditors at 2%.
- Rent due was Rs.160.
- Taxes of Rs.320 were paid in advance.
- Depreciate Furniture at 10% per annum.
- Interest of Rs.120 received in advance.
- Calculate interest on capital at 5% per annum.

25. Kerala Coffee Works Ltd., bought coffee drying machine costing Rs.6,56,000 from Cochin Ltd on 1 January 2021 on hire purchase basis. Rs.2,00,000 was paid on signing the contract and the balance in three annual installments of Rs. 2,00,000 (each) by the end of December every year.
- Interest was charged at 15% per annum. Life of the machine was expected to be four years.

You are required to pass the journal entries and necessary ledger accounts in the books of Kerala Coffee Works Ltd.

26. Mumbai Traders Ltd. sends goods to its Chennai branch at cost plus 25%. The following are available in respect of the branch for the year ended 31st march 2020:

	Rs
Opening stock at branch at invoice price to branch	80,000
Goods sent to branch at Invoice price	12,00,000
Loss in transit at invoice price	15,000
Pilferage at invoice price	6,000
Sales	12,19,000
Expenses	60,000
Closing stock at branch at invoice price to branch	40,000
Recovered from insurance Company against loss-in-transit	10,000
Show necessary ledger accounts in the H.O books .	

27. A Ltd issued 1,00,000 shares of Rs.10 each payable as follows:

Rs.3 on application,

Rs.2 on allotment,

Rs.3 on first call and Rs.2 on final call.

Applications were received for 1,60,000 shares out of which letters of regret were issued for 30,000 shares. Full allotment was made to applicants for 40,000 shares. pro-rata allotment was made on the balance. A shareholder holding 100 shares to whom full allotment was made failed to pay allotment money. Another shareholder holding 200 shares to whom pro-rata allotment was made also failed to pay allotment money. All these were forfeited and reissued at the Rs.8 per share. Pass necessary journal entries.

(2 x 10 = 20 Marks)