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BBA 1<sup>ST</sup> SEMESTER EXAMINATIONS (REGULAR), NOV/DEC 2019  
104 – BASIC FINANCIAL ACCOUNTING

Time : 3 Hours

Maximum : 70 Marks

The figures in the right hand margin indicate marks.

PART – I: (Multiple Choice Questions) 10x1=10 Marks

Q.1. Answer All Questions.

- a “No transaction must be recorded in the books of accounts without verifiable documentary evidence.” Which concept does this statement belongs to?  
i) Realisation ii) Objective Evidence iii) Accounting Period iv) Business Entity
- b Non-monetary items or events are not measured or recorded in Accounting. This point is related to \_\_\_\_\_ of Accounting.  
i) Limitations ii) Functions iii) Advantages iv) Objectives
- c \_\_\_\_\_ does not belong to external users of Accounting Information.  
i) Creditors ii) Consumers iii) Investors iv) Employees
- d All accounts representing outstanding expenses and accrued or prepaid incomes are \_\_\_\_\_ accounts.  
i) Nominal ii) Real iii) Personal iv) Impersonal
- e Goods worth ₹ 1,000 taken by the proprietor for personal use should be credited to \_\_\_\_\_ account.  
i) Purchases ii) Sales iii) Drawings iv) Personal
- f Wages paid on installation of a new Machine should be debited to \_\_\_\_\_ account.  
i) Wages ii) Cash iii) Machinery iv) Capital
- g The fixed assets which have a limited useful life and which by nature, depreciate rapidly are termed as \_\_\_\_\_ assets. i) Current ii) Wasting iii) Fictitious iv) Liquid
- h Commission received is a/an \_\_\_\_\_.  
i) Operating income ii) Non-operating income iii) Operating expenses  
iv) Non-operating expenses
- i It refers to an asset becoming out of date due to improved models or methods.  
i) Deterioration ii) Depletion iii) Disuse iv) Obsolescence
- j Under \_\_\_\_\_ method, depreciation is calculated on the book value of the asset each year. i) Straight Line ii) Annuity iii) Written Down value iv) Depreciation Fund

PART – B: (Short Answer Questions)10x2=20 Marks

Q.2. Answer ALL questions

- a Define Accounting.
- b Give any two Functions of Accounting.
- c List out the users of accounting information.
- d From the following particulars, prepare a Bank Reconciliation Statement as on 31-3-2017:
  - a) Balance as per Pass Book ₹ 2,400
  - b) Cheques issued to creditors amounting to ₹ 1,340 were not presented to the bank before 31-3-17.
  - c) Cheques amounting to ₹ 1,900 deposited into Bank were not collected and credited before 31-3-17.
- e What is Suspense accounts?
- f Journalise the following transactions in the books of Ramesh.
  - i) Drew from Bank ₹ 8,000
  - ii) Ravi bought goods from us ₹ 30,000



- g What are Direct Expenses?
- h Pass necessary adjustment entries for the following:
  - i) Insurance unexpired is ₹200
  - ii) Provide 10% Interest on capital of ₹ 2,50,000
- i Define Depreciation.
- j A company purchased a plant for ₹50,000. The useful life of the plant is 10 years and the residual value is ₹10,000. Find out the rate of depreciation under the straight line method.

**PART – C: (Short Answer Questions) 4x10=40 Marks**

Q3.

- a Discuss the Advantages of Accounting.
  - b What are the Objectives of Accounting?
- OR
- c Discuss the Branches of Accounting.
  - d Briefly explain any two concepts of Accounting.

Q4.

- a The following were the transactions of Mr. Sunil. Prepare Kapil’s Account.

2016 April	₹
1 Sold goods to Kapil	6,000
5 Cash received from Kapil	5,800
and allowed him discount	200
18 Kapil purchased goods	8,000
30 Received cash from Kapil on account	4,500

- b From the books of Sathish of Karamangalam, prepare Trial Balance.

	₹		₹
Capital	1,55,600	Sales	2,75,600
Sales returns	9,800	Drawings	56,400
Sundry debtors	53,000	Freehold premises	74,100
Purchases	1,26,800	Returns outwards	26,400
Loan from Sharma	25,000	Sundry creditors	52,800
Administrative expenses	78,400	Cash in hand	14,200
Bills payable	10,000	Wages	59,800
Stock	26,400	Factory expenses	46,500

OR

- c Give the rules of Journalizing.
- d Pass necessary journal entries to rectify the following errors and prepare Suspense account.
  - i) The returns outward book was overcast by ₹150.
  - ii) Received ₹200 from Sharath debited to his account.
  - iii) ₹150 received from Madhavan was entered on the debit side of the cash book. No posting was done to Madhavan’s A/c.
  - iv) A Machinery purchased for ₹5,200 has been debited to purchases account.
  - v) A sum of ₹100 drawn by the proprietor was debited to travelling expenses account.

Q5.

- a Construct a Trading account from the following information:

	₹		₹
Opening Stock	50,000	Purchases	2,80,000
Freight	20,000	Closing Stock	60,000
Sales	3,80,000	Packing expenses	12,000

- b Prepare Profit and loss account of Mrs. Rabika for the year ended 31<sup>st</sup> December 2018 from the following.

₹

₹



Gross Profit	1,25,000	Discount allowed	600
Salaries	15,000	Discount received	1,000
Rent	5,000	Interest paid	500
Carriage outwards	1,000	Interest received	700
Selling expenses	500	Commission earned	2,000
Income from investment	1,500		

OR

c From the following Trial Balance of Mr. Rehman as on 31<sup>st</sup> March 2016, prepare Trading and Profit & Loss A/c taking into account the adjustments:

Debit balances	₹	Credit balances	₹
Land and Buildings	42,000	Capital	62,000
Machinery	20,000	Sales	98,780
Patents	7,500	Return outwards	500
Stock 1-4-15	5,760	Sundry Creditors	6,300
Sundry debtors	14,500	Bills payable	9,000
Purchases	40,675		
Cash in hand	540		
Cash at bank	2,630		
Return inwards	680		
Wages	8,480		
Fuel & power	4,730		
Carriage on Sales	3,200		
Carriage on Purchases	2,040		
Salaries	15,000		
General Expenses	3,000		
Insurance	600		
Drawings	5,245		
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	1,76,580		1,76,580
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Adjustments:

- i) Stock on 31-3-16 was ₹ 6,800.
- ii) Salary outstanding ₹ 1,500.
- iii) Insurance prepaid ₹ 150
- iv) Depreciate machinery @ 10% and patents @ 20%.
- v) Create a provision of 2% on debtors for bad debts.

d Draft a Balance Sheet with imaginary figures.

Q6.

a State the causes of Depreciation.

b Mr. Singh purchased a second hand machine for ₹8,000 on 1<sup>st</sup> April 1990. He spent ₹3,500 on its installation. Depreciation is written off @ 10% p.a. on the original cost. On 30<sup>th</sup> June 1993, the machine was found to be unsuitable and sold for ₹6,500. Prepare the Machine Account from 1990 to 1993 assuming that the accounts are closed on 31<sup>st</sup> December every year.

OR

c Enumerate the factors that affects the amount of Depreciation.

d A company purchased a second hand plant for ₹ 30,000 and immediately spent ₹ 5,000 on repairs. The plant was put to use on January 1985. After using it for six years it was sold for ₹ 15,000. You are required to prepare the Plant A/c for 6 years providing depreciation at 10% on diminishing balance method. Accounts are closed on 31<sup>st</sup> December.