

E 4344

(Pages : 4)

Reg. No.....

Name.....

B.B.A. DEGREE (C.B.C.S.S.) EXAMINATION, NOVEMBER 2016

First Semester

Core Course—BUSINESS ACCOUNTING

(2013 Admission onwards)

Time : Three Hours

Maximum Marks : 80

Part A

Answer all questions.

Each question carries 1 mark.

1. Define Accounting.
2. What is a Journal ?
3. What is Petty Cash Book ?
4. Define Depreciation.
5. What is a manufacturing account ?
6. Define Bill of Exchange.
7. What is a Balance Sheet ?
8. What is a bank reconciliation statement ?
9. What do you mean by closing entry ?
10. What do you mean by going concern concept ?

(10 × 1 = 10)

Part B

Answer any eight questions.

Each question carries 2 marks.

11. What are the limitations of accounting ?
12. Explain "money measurement concept".
13. What is "imprest system of maintaining petty cash book".
14. Explain "Leger".
15. What is "straight line method" of providing depreciation ?
16. What is a trading account ?
17. What is Promissory note ?
18. What do you mean by dishonoring of a cheque ?
19. What are current assets ?

Turn over

20. Explain the accounting equation.
21. What are the different types of accounts ?
22. Explain the terms "debtor" and "creditor".

(8 × 2 = 16)

Part C

*Answer any six questions.
Each question carries 4 marks.*

23. Explain double-entry system of book-keeping.
24. Distinguish between Reserves and Provisions.
25. What do you mean by diminishing balance method of providing depreciation ? What are its merits and demerits ?
26. What are the causes of disagreements between the Balance of Pass Book and Cash Book ?
27. Explain the utility of Accounting Standards.
28. Explain "Grouping and Marshalling of the Balance Sheet".
29. A firm purchased plant and machinery on 1st July, 2000, for Rs. 90,000 and incurred Rs. 10,000 on its erection expenses. Depreciation written off at the rate of 10 per cent. The firm closes its books on 31st December each year. Show the Plant and Machinery account upto 31st December, 2002 under straight line method.
30. A sold goods to B for Rs. 1,000. A drew a bill of exchange for Rs. 1,000 on B and the bill was duly accepted by B and returned to A. Pass necessary entries in the books of A and B in the following cases :
 - (i) On the due date the bill was honoured.
 - (ii) On the due date the bill was dishonoured.

31. Write out an Analytical Petty Cash Book from the following :—

On 1st January 2016, gave an imprest cheque for Rs. 75 to the petty cashier to begin with. During the month the petty cashier made the following disbursements :

| 2016 | | Rs. |
|--------|-----------------------------------------|-----|
| Jan. 7 | Bought postage stamps ... | 20 |
| 10 | Paid for stationery ... | 6 |
| 15 | Paid for carriage ... | 4 |
| 20 | Paid taxi hire to sales manager ... | 5 |
| 22 | Sent a Telegram to Delhi ... | 1 |
| 23 | Bought ink and paper ... | 2 |
| 25 | Paid for coolie ... | 5 |
| 27 | Tea to Travelling Agents ... | 3 |
| 31 | Cash purchases from stationery mart ... | 9 |

Balance the book at the end of the month.

(6 × 4 = 24)

Part D*Answer any two questions.**Each question carries 15 marks.*

32. From the following information, prepare a Bank Reconciliation Statement as at 31st December 2013 for M/s HK Steels Ltd. :

- (a) Bank Overdraft as per Cash Book on 31st December 2013—Rs. 2,45,900.
- (b) Interest debited by Bank On 26th December, 2013 but no advice received—Rs. 27,800.
- (c) Cheques issued before 31st December 2013 but not yet presented to Bank—Rs. 66,000.
- (d) Transport subsidy received from the State Government directly by the bank but not advised to the company—Rs. 42,500.
- (e) Draft deposited in the Bank, but not credited till 31st December 2013—Rs. 13,500.
- (f) Bills for collection credited by the Bank till 31st December 2013 but no advice received by the company—Rs. 83,600.
- (g) Amount wrongly debited to company account by the Bank, for which no details are available—Rs. 7,400.

33. From the undernoted Trial Balance of a trader as on 31-12-2015 prepare a Trading and Profit and Loss Account for the year ended 31-12-2015 and a Balance Sheet as on 31-12-2015 :

Trial Balance

| | Rs. | | Rs. |
|---------------------|-----------------|------------------|-----------------|
| Cash in hand | ... 1,200 | Capital | ... 80,000 |
| Purchases | ... 1,20,000 | 4 % Bank Loan | ... 20,000 |
| Opening Stock | ... 35,000 | Bills Payable | ... 22,000 |
| Sundry Debtors | ... 50,000 | Sundry Creditors | ... 24,000 |
| Plant and Machinery | ... 60,000 | Sales | ... 2,00,000 |
| Furniture | ... 15,000 | Bad debt | ... |
| Bills Receivable | ... 20,000 | Reserve | ... 1,200 |
| Rent and Taxes | ... 10,000 | | |
| Wages | ... 16,000 | | |
| Salaries | ... 20,000 | | |
| | <u>3,47,200</u> | | <u>3,47,200</u> |

Additional Information supplied :

- (i) Closing stock Rs. 40,000.
- (ii) Provide outstanding liabilities : Rent & Taxes Rs. 2,000 ; Wages Rs. 3,000 ; Salaries Rs. 4,000.
- (iii) Depreciation on Plant and Machinery at 5 % ; on furniture at 10 %.
- (iv) Write-off Rs. 500 as bad debts.
- (v) Create bad debt reserve at 2.5 % on Sundry Debtors.

Turn over

34. Prepare a triple column Cash Book from the following transactions and bring down the balance for the start of next month :

| 2016 | | Rs. |
|--------|------------------------------------------|------------|
| Jan. 1 | Cash in hand | ... 2,500 |
| 1 | Cash at bank | ... 10,000 |
| 2 | Paid into bank | ... 1,000 |
| 5 | Bought furniture and issued cheque | ... 2,000 |
| 8 | Purchased goods for cash | ... 500 |
| 12 | Received cash from Hari | ... 980 |
| | Discount allowed to him | ... 20 |
| 14 | Cash Sales | ... 4,000 |
| 16 | Paid to Adith by cheque | ... 1,450 |
| | Discount received | ... 50 |
| 19 | Paid into bank | ... 400 |
| 23 | Withdrawn from Bank for private expenses | ... 600 |
| 24 | Received cheque from Jayasankar | ... 1,430 |
| | Allowed him discount | ... 20 |
| 26 | Deposited Jayasankar's cheque into Bank | ... — |
| 28 | Withdrew cash from Bank for office use | ... 2,000 |
| 30 | Paid rent by cheque | ... 800 |

35. Discuss briefly the fundamental accounting conventions.

(2 × 15 = 30)