



Reg. No. :

Name :

**First Semester B.B.A. Degree Examination, February 2018
(Career Related First Degree Programme under CBCSS)
Core Course**

**BM 1143 : FINANCIAL ACCOUNTING
(2017 Admission)**

Time : 3 Hours

Max. Marks : 80

I. Answer **all** questions. **Each** question carries **1** mark.

- 1) Define Accounting.
- 2) What is closing entry ?
- 3) What is Business entity concept ?
- 4) What is posting ?
- 5) What is matching principle ?
- 6) What is compound journal entry ?
- 7) What is balancing of accounts ?
- 8) What is imprest system ?
- 9) What is trading account ?
- 10) What is accounting standards ?



(10×1=10 Marks)

II. Answer **any eight** questions. **Each** question carries **2** marks.

- 11) Explain the terms: Debit note and Credit note.
- 12) Differentiate trade discount and cash discount.
- 13) Calculate the gross profit.

Opening stock Rs. 15,000, Purchases – Rs. 35,000, Direct Expenses – Rs. 4,000
Sales – Rs. 80,000 and Closing Stock – Rs. 12,000.

- 14) What are the limitations of accounting ?
- 15) Discuss accrual basis of accounting and cash basis of accounting.

P.T.O.



16) On 1st April 2016, Singh's assets and liabilities stood as follows :

Assets : Cash Rs. 6,000; Bank Rs. 17,000; Stock Rs.3,000; Bills Receivable Rs. 7,000; Debtors Rs. 3,000; Building Rs. 70,000; Investments Rs. 30,000; Furniture Rs. 4,000

Liabilities Bills payable Rs. 5,000, Creditors Rs. 9,000, Ram's Loan Rs. 13,000.
Pass an opening Journal entry.

17) Explain the methods of preparation of trial balance.

18) What are errors of omission ?

19) What are the objectives of financial statement analysis ?

20) List out the importance of balance sheet.

21) What is IFRS ?

22) Discuss the advantages and disadvantages of accounting standards.

(8×2=16 Marks)

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

23) Following relate to the books of a trader as on 31st December, 2016

	Rs.
Opening Stock	14,000
Purchases	36,000
Sales	92,000
Sales returns	2,000
Purchases returns	3,000
Wages	4,000
Carriage inwards	2,500
Power and Fuel	1,400
Manufacturing expenses	1,600
Closing Stock	15,000

Prepare Trading Account.

24) Differentiate between profit and loss account and Balance Sheet.

25) What do you mean by grouping and marshalling of assets and liabilities ?

26) Describe the contents of corporate annual reports.



- 27) Discuss Double entry system.
- 28) Explain the objectives of accounting.
- 29) Discuss the classification of accounts.
- 30) Discuss the classification of Assets.
- 31) Distinguish between Book keeping and Accounting. (6x4=24 Marks)

IV. Answer **any two** questions. **Each** question carries **15** marks.

32) Journalise the following transactions, prepare ledger accounts and also prepare a trial balance.

	Rs.
Arun started business with cash	12,000
Purchased goods for cash	6,000
Purchased furniture	2,000
Sold goods for cash	8,000
Opened bank account	5,000
Purchased goods and paid by cheque	4,000
Cash sales	3,000
Paid into bank	2,000
Paid salary by cheque	400
Received commission	200

33) Prepare a three-column cash book from the following particulars of Jan. 2016 :

- a) Cash in hand Rs. 50,000.
- b) Paid into bank Rs. 10,000.
- c) Bought goods from Harris for Rs. 500 for cash.
- d) Bought goods for Rs. 2,000 paid cheque for them, discount allowed 1%.
- e) Sold goods to Mohan for cash Rs. 250.
- f) Bank notified that Shay's cheque has been returned dishonored and debited to the account in respect of charges Rs. 10.
- g) Shay settled his account by means of a cheque for Rs. 820, Rs. 20 being interest charges.
- h) Withdrew from bank Rs. 10,000.
- i) Withdrew for personal use Rs. 1,000.
- j) Paid trade expenses Rs. 2,000.
- k) Withdrew from bank for private expenses Rs, 1,500.
- l) Issued cheque to Ram Saran for purchase of furniture Rs. 1,575.



- m) Rajesh who owned us Rs. 500 became bankrupt and paid us 50 paise in a rupee.
 n) Received payment of a loan of Rs. 5,000 and deposited Rs. 3,000 out of it into bank.
 o) Paid rent to landlord by a cheque of Rs. 500.
 p) Interest allowed by bank Rs. 30.

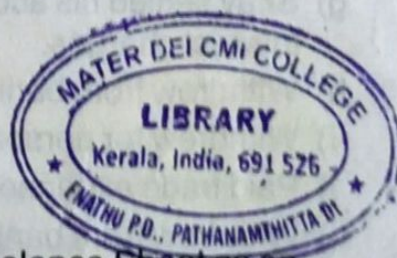
34) Discuss the tools of financial analysis.

35) The following is the Trial Balance of a trader as on 31st December 2015.

Particulars	Dr. Amount	Cr. Amount
Sales		1,20,000
Purchases	85,000	
Import duty	5,000	
Factory expenses	3,000	
Office expenses	6,000	
Sundry debtors	30,000	
Commission		1,500
Bad debts	2,500	
Sundry creditors		28,500
10% investments	20,000	
Interest on investments		1,500
Opening stock	15,000	
General expenses	3,000	
Cash in hand	2,000	
Machinery	40,000	
Capital		60,000
	2,11,500	2,11,500

Additional information :

- Closing stock is valued at Rs. 21,500.
- Provide 5% of debtors for bad debts.
- Interest on investments for 3 months is outstanding.
- Commission received in advance amounts to Rs. 300.



Prepare Trading and Profit and Loss Account and also a Balance Sheet as on 31st December 2015.

(15×2=30 Marks)

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PART – A

Answer **all** questions. Each question carries 1 mark.

1. What is trading account?
2. What is ratio analysis?
3. What is journal proper?
4. Expand GAAP.
5. What is comparative statement?
6. What is a P&L account?
7. What is the meaning of accounting?
8. Give the meaning of journal.

P.T.O.

9. What is an accounting standard?

10. What is a cash book?

(10 × 1 = 10 Marks)

PART – B

Answer **any eight** questions. Each question carries 2 marks.

11. Define accounting.

12. What are opening entries?

13. What is IFRS?

14. What is financial statement analysis?

15. What is prudence concept?

16. What is going concern concept?

17. What is a joint stock company?

18. What are subsidiary books?

19. What is a double-column cash book?

20. Who are the users of accounting information?

21. What is double entry system of accounting?

22. What are the subsidiary books of journal?

(8 × 2 = 16 Marks)

PART – C

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

23. What is cash discount?
24. What are the golden rules of accounting.
25. List out some accounting standards.
26. What are errors of commission?
27. What are the features of accounting?
28. What is debit note?
29. Write note on petty cash book.
30. What are the characteristics of Balance Sheet?
31. A Manager gets 5% commission on net profit after charging such commission. What shall be his commission if gross profit is 96,000 and expenses of indirect nature other than managers commission are 12,000?

(6 × 4 = 24 Marks)

PART – D

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

32. Write a note on journal and its subsidiary books.
33. Write a note on errors.

34. Prepare B a/c in the ledger of A for the following transactions between them:

		Rs.
1-7-2013	Opening debt of B to A	500
8-7-2013	A sold goods to B	2000
10-7-2013	B returned goods to A	100
12-7-2013	A received cash from B	700
15-7-2013	A returned goods to B	700
21-7-2013	B sold goods to A	1000
24-7-2013	B paid cash to A	2000
31-7-2013	A paid rent	500

35. Write a note on accounting concepts.

(2 × 15 = 30 Marks)