

(8 pages)

S.No. 1634

17UBAE01/
17UIBE01

(For the candidates admitted from 2017 – 2018 onwards)

B.B.A. DEGREE EXAMINATION, APRIL/MAY 2018.

Second Semester

International Business

FINANCIAL ACCOUNTING

Time : Three hours

Maximum : 75 marks

PART A — (10 × 2 = 20 marks)

Answer ALL questions.

1. Define Accounting.
2. What is accounting equation?
3. What is a trial balance?
4. What is meaning of Bank Reconciliation statement?
5. Define Hire Purchase system.
6. Write about any two important terms in hire purchase system.

7. What are the types of bills of exchange?
8. When bill is endorsed to a third party?
9. How do you compute depreciation rate under straight line method?
10. What is revaluation method?

PART B — (5 × 5 = 25 marks)

Answer ALL questions.

11. (a) Prepare Purchase returns Book and Sales returns book from the following data :

1997		Rs.
Aug. 1	Purchased goods returned to Senthil	205
3	Received goods returned by Natarajan	300
5	Goods returned to Kannan	500
7	Sales returns of Rs. 1,260 by Mathavan	
15	Returned defective good to Rajan	1,280
18	Damaged goods returned by Murali	1,120
23	Outward returns to Kannan	275
29	Inward returns to Swaminathan	750
30	Returned Inferior goods to Sankar	890
31	Selvan returned goods to us	1,330

Or

- (b) Journalise the following transaction in Balan's books :

		Rs.
2005		
Jan.	Balan started business by investing cash	50,000
1	He bought goods of Rs. 4,000 and furniture of	Rs. 500
2	Purchased building for	Rs.10,000
3	Purchased goods for cash	Rs.3,000
4	Purchased goods from Rajan	Rs. 2,500
5	Paid cartage	Rs. 20

12. (a) Prepare Trading Account of Anuja for the year ending 31.12.2006 from the following information :

	Rs.		Rs.
Opening stock	80,000	Purchase returns	10,000
Purchases	8,60,000	Sales returns	3,16,000
Freight Inward	52,000	Closing stock	1,00,000
Wages	24,000	Import duty	30,000
Sales	14,40,000		

Or

- (b) Prepare a bank reconciliation statement from the following data as on 31.12.2005.

	Rs.
(i) Balance as per cash book	12,500
(ii) Cheques issued but not presented for payment	900
(iii) Cheques deposited in bank but not collected	1,200
(iv) Bank paid insurance premium	500
(v) Direct deposit by a customer	800
(vi) Interest on investment collected by bank	200
(vii) Bank charges	100

13. (a) What are the difference between hire purchase system and installment system?

Or

- (b) On 1.1.96, X purchased machinery on hire purchase system. The payment is to be made Rs. 4,000 (down) (on signing of the contract) and Rs. 4,000 annually for three years. The cash price of the machinery is Rs. 14,900 and the rate of interest is 5%. Calculate the interest in each year's installment.

14. (a) On 1.1.2000, Jayanthy sold good to Devi on credit for Rs. 2,000 and drew a bill on Devi for Rs. 2,000 for 3 months after date. Devi accepted it on 3.1.2000 and returned it to Jayanthy. On maturity, the bill was duly honoured by Devi. Pass journal entries in the books of both the parties.

Or

(b) On 1st May 2006, Madhan accepted a two months bill for Rs. 10,000 drawn on him by mani for the latter's benefit. Mani discounted the bill on 4th May @ 12% p.a. and on the due date sent Madhan a cheque for Rs.10,000 in order to enable him to honour the bill. Madhan duly honoured his acceptance. Pass journal entries in the books of Mani and Madhan.

15. (a) A machine purchased on 1st July 2003 at a cost of Rs. 14,000 and 1,000 was spent on its installation. The depreciation is written off at 10% on the original cost every year. The books are closed on 31st December each year. The machine was sold for Rs. 9,500 on 31st March 2006. Show the machinery account for all the years.

Or

(b) Mrs. Sarojini Balu & Co., purchased a machine for Rs. 22,000 on January 1, 2002. The estimated life of the machinery is 10 years, after which it's break-up value will be Rs. 2,000. Depreciation has to be charged at 21% on the diminishing balance. There was an addition to the original plant on January 1 2004 to the value of Rs. 4,000. You are required to prepare machinery A/C for the first three years.

PART C — (3 × 10 = 30 marks)

Answer any THREE questions.

16. Journalise the following transactions, post them in the ledger and balance the accounts on 31st Jan 2009.

Jan.	Rs.
1 Lakshmi started business with Capital of	50,000
2 She purchased goods from mala on credits	10,000
5 She paid cash to Mala	5,000
7 She sold goods to Shanthi	10,000
10 She received cash from Shanthi	8,000
15 She further purchased goods from Mala	12,000
20 She paid cash to Mala	4,000
25 She further sold goods to Shanthi	13,000
30 She received cash from Shanthi	3,000

17. The following transactions took place between Ram and Krishna from 1.1.06 to 30.6.06

2006	Rs.
Jan. 1 Sold goods to Ram	2,240
Jan.10 Received Ram's acceptance at 2 months	1,000
Feb. 15 Received cash from Ram	1,200
Mar. 2 Bought goods from Ram	5,500
3 Accepted Ram's bill at 1 month	2,000
Apr. 11 Paid cash to Ram	2,000
30 Sold goods to Ram payable up to 31 st May	2,400

May 11	Bought goods from Ram	1,500
31	Sold goods to Ram payable up to 10 th June	2,200
June 15	Bought goods from Ram	3,000

Prepare the account current to be sent by Krishna on 30th June 2006. The rate of Interest is 5%.

18. Shri P. Shankar sold out goods on hire purchase at a profit (including hire purchase charges) of 25% on cash price. Prepare the necessary accounts under Stock and Debtors method from the following details.

	Rs.
Stock at Shop	
on 1.1.07	1,50,000
on 31.12.07	1,25,000
Goods with customers on hire purchased on	
1.1.07	1,80,000
Purchases	2,50,000
Goods sent out in 2007	4,35,000
Installments received	3,00,000
Overdue Installments	
on 1.1.07	10,000
on 31.12.07	15,000

19. What are the different between bill of exchange and promissory note?

20. A Company whose accounting year is the calendar year. Purchased on 1.1.2003 a machine for Rs. 40,000. It purchased further machinery on 1st Oct. 2003 for Rs. 20,000 and on 1st July 2004 for Rs. 10,000 on 1.7.2005, 1/4th of the machinery installed on 1.1.2003 become obsolete and was Sold for Rs. 6,800.

Show how the machinery account would appear in the books of the company for all the 3 years under Diminishing Balance method. Depreciation is to be provided at 10% p.a.