



Reg. No. :

Name :

Second Semester B.Com. Degree Examination, July 2015

First Degree Programme under CBCSS

Core Course : CO 1242/CX 1241/CC 1242/HM 1241

FINANCIAL ACCOUNTING

(Common for Commerce/Commerce and Tax Procedure and Practice/

Commerce with Computer Applications/Commerce and Hotel

Management and Catering)

(2014 Adm.)

Time : 3 Hours

Max. Marks : 80

SECTION – A

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

1. Define GAAP.
2. State the meaning of Imprest.
3. When does the trader prepare and send the Debit Note ?
4. Express the dual aspect concept in the form of an equation.
5. What is meant by quantity discount ?
6. What are wasting assets ?
7. What is meant by cash price under hire purchase system ?
8. What is Bunker cost ?
9. What are different divisions of ledger for self balancing purposes ?
10. How do you treat profit on containers trading account ?



SECTION -- B

Answer **any 8** questions in **not** exceeding **one** paragraph **each**. **Each** question carries **2** marks.

11. What is meant by the term equities ?
12. State the meaning of convention of consistency.
13. What is contingent liability ? Give an example.
14. List the stages of accounting and the corresponding documents or tools used in each stage.
15. Note the importance of trading account.
16. A trader purchased 4000 articles for Rs. 40,000 and incurred Rs. 10,000 each as freight and local taxes and Rs. 5,000 as godown rent. Compute the cost per unit of merchandise purchased.
17. State the objects of preparing Trial Balance.
18. Accountant of a trader has committed two mistakes :
 - a) Cash Rs. 360 paid to Mr. Y posted as 630 and
 - b) Purchase of stationery worth Rs. 100 remained unposted from cash book.How would you rectify the errors if they were detected before preparing trial balance ?
19. Distinguish between outstanding income and accrued income.
20. Private purchases amounting to Rs. 5,000 had been included in the purchases day book. Give adjusting entry and its effect on final accounts.
21. State the features of diminishing balance method of depreciation.
22. What are sources of information for the preparation of accounts under self balancing system ?



SECTION – C

Answer **any 6** questions in **not** exceeding **120** words **each**. **Each** question carries 4 marks.

23. Mention the journal entries to be passed in respect of depreciation under insurance policy method.
24. The trial balance of a trader showed an excess debit of 2500 which was credited to suspense account. Further scrutiny of books the following errors were noted :
- a) Sales account has been totalled short by Rs. 300.
 - b) The total of debit side of an expense account has been cast in excess by Rs. 200.
 - c) Rs. 300 received from Mr. Y was posted to debit of his account.
 - d) Discount 200 received entered in cash book was not posted to ledger.

Draw the Suspense Account and Rectify the errors.

25. The following are the extracts from the Trial Balance of a firm.

Date	Particulars	Dr. Rs.	Cr. Rs.
	Sundry Creditors	28,000	
	Discount		2,000
	Reserve for discount on creditors	3,300	

Additional information :

- a) Additional discount received Rs. 1,500.
- b) Create a reserve for discount on creditors @ 10%. Prepare reserve for discount on creditors account.



26. State how the following are dealt with in the final accounts of a firm for the year ended 31-12-14.
- Advertisement expense Rs. 10,000/- paid on 30-12-14, the advertisement in respect of which has appeared in the magazines only in January 2015.
 - Cost of a temporary shed costing Rs. 15,000/- erected for an exhibition on 1-7-14, the exhibition being expected to be over by 30th June 2015.
 - Cost of a second hand vehicle purchased on 1-10-14 for Rs. 25,000/- which was totally destroyed in an accident on 31-11-2014, the insurance company paid Rs. 10,000/- in full settlement.
 - Hire charges of Rs. 2,000/- for a compressor, when the firm's own compressor was under breakdown.
27. Discuss the merits and demerits of Straight Line Method of depreciation.
28. Point out the difference between Hire Purchase System and Instalment Purchase System.
29. Following are the particulars of a manufacturer who sells his products in containers. Stock with customers 1-1-2014 Nos. 6800; containers sent out to customers during 2014 – Nos 60000; containers returned by customers during the year 2014 – Nos 60600 and returnable stock with customers on 31-12-2014 – Nos. 4000. Prepare Memorandum Customers Account and compute the number of containers retained by the customers on 31-12-2014.
30. What are the advantages of Self Balancing Ledgers ?
31. The following Trial Balance has been prepared wrongly. You are asked to prepare the Trial Balance correctly.

Particular	Dr. (Rs.)	Cr. (Rs.)
Capital	22,000	
Stock		10,000
Debtors	8,000	
Creditors		12,000
Machinery		20,000
Cash in hand		2,000



Bank Overdraft	14,000	
Sales Returns		8,000
Purchase Returns	4,000	
Misc. Expenses	12,000	
Sales		44,000
Purchases	26,000	
Wages	10,000	
Salaries		12,000
Prepaid Insurance		200
Bills Payable	10,800	
Outstanding Salaries	1,400	
	1,08,200	1,08,200

SECTION – D

Answer any 2 questions. Each question carries 15 marks.

32. The following were taken from the Trial Balance of Mr. Prem Lal as on 31-3-2014.
Prepare Trading and Profit and Loss Account and Balance Sheet

Particulars	Debit Rs.	Credit Rs.
Furniture	640	
Delivery Van	6,250	
Buildings	7,500	
Capital		12,500
Bad debts	125	
Debtors	3,800	
Creditors		2,500
Provision for bad debts		200
Opening stock	3,460	



Purchases	5,475	
Sales		15,450
Bank overdraft		2,850
Sales return	200	
Purchase return		125
Advertisement	450	
Interest	1,118	
Commission		375
Cash	650	
Tax	250	
General expenses	782	
Salary	3,300	
Total	34,000	34,000

Adjustments :

- i) Stock as on 31-3-2014 Rs. 3,250.
 - ii) Depreciate Buildings @ 5%, Furniture @ 7.5.%, Delivery Van @ 18%.
 - iii) 1/3rd of commission received is related to next year.
 - iv) Goods worth Rs. 600 withdrawn by the proprietor for personal use recorded in the books.
 - v) Create provision for bad debts @5% on debtors.
33. P purchased four cars at Rs. 14,000 each on hire-purchase system. The hire-purchase price for all the four cars was Rs. 60,000. The amount to be paid Rs. 15,000 down and three instalments of Rs. 15,000 each at the end of each year. Interest is charged at 5% p.a. Buyer depreciates cars at 10% p.a. on straight line method. After having paid down payment and first instalment, buyer could not pay second instalment and seller took possession of 3 cars at an agreed value to be calculated after depreciating cars at 20% p.a. on written down value method. One car was left with buyer. Seller after spending Rs. 1,200 on repairs, sold away all the three cars to X for Rs. 35,000. Open ledger accounts in the books of both parties.



34. Mr. Jayan commenced a voyage on 1st July 2014 from Karachi to London and back. The voyage was completed on 31st August 2014. It carried a consignment of Cotton textiles on its outward journey and Jute and Tea on its return journey. The ship was insured at an annual insurance premium of Rs. 30,000. From the following particulars prepare a voyage account.

	Rs.		Rs.
Coal purchased	70,000	Freight earned	1,20,000
Stores supplied	56,000	(outward)	
Harbour charges	6,000	Freight earned	1,00,000
		(return)	
Depreciation (annual)	96,000	Passage (money received)	6,000
Bunker cast	4,000	Address	5% on outward and
Captain's expenses	1,500	Commission	6% on return freight
Interest on loan	500	Primage	5% on freight
		Wages and Salaries	16,000
		Sundry Expenses	5,000

The manager is entitled to 10% commission on the profits earned after charging such commission. Stores and coal on hand are worth Rs. 10,600 on the conclusion of journey.

35. What is depreciation ? Explain the important methods of charging depreciation.
