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A – 5216

Reg. No. : .....

Name : .....

**Second Semester B.Com. Degree Examination, July 2016**

**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 Admn. Onwards)**

Time : 3 Hours

Max. Marks : 80

**SECTION – A**

Answer **all** questions in **one** or **two** sentences. **Each** question carries **1** mark.

1. What is an intangible asset ? Give example.
2. What is the difference between an expense and a loss ?
3. What do you mean by scrap value ?
4. Write the adjustment entry for accrued income.
5. What is down payment ?
6. What is marshalling of a balance sheet ?
7. What are bunker costs ?
8. What is revenue matching concept ?
9. What do you mean by deferred revenue expenditure ?
10. What is a compensating error ?

**(10×1=10 Marks)**

P.T.O.



## SECTION – B

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

11. Calculate gross profit from the following details :

Opening stock	15,000
Purchases	81,000
Direct expenses	2,000
Closing stock	19,600
Sales	1,18,000

12. What do you mean by GAAP ?

13. State any two causes of depreciation.

14. How do you treat loss of goods by fire in the final statement of accounts ? Write adjustment entries.

15. What is a contingent liability ?

16. What is objective evidence concept ?

17. What are adjusted purchases ?

18. A bill receivable for Rs. 5,000 received from Jamal was passed through the bills payable book, give rectification entries.

19. What is meant by termination of a hire purchase agreement ?

20. Write any two differences between a provision and a reserve.

21. What do you mean by basket purchase ?

22. Received from Mr. X Rs. 9,000 and gave him discount Rs. 75. Give journal entries.

**(8×2=16 Marks)**



## SECTION – C

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

23. How do you rectify the following errors :

- a) The total of the discount allowed column is added short by Rs. 20 and the amount is posted to the credit of discount received A/c. The correct total of the column is Rs. 320.
- b) A sale of goods to Sundaram for Rs. 3,000 was entered in the purchases book.
- c) Goods worth Rs. 2,000 taken by the proprietor for his private use were entirely omitted.
- d) A sales returns of Rs. 5,250 from Mr. Bakshi was entered in the purchases day book.

24. An asset is purchased for Rs. 25,000. Depreciation is to be provided annually according to the straight line method. The useful life of the asset is 10 years and the residual value is Rs. 5,000. Find out the rate of depreciation and prepare Asset A/c for the first 3 years.

25. P purchases a motor car from Q whose cash price is Rs. 56,000 on January 1, 2000. Rs. 15,000 is paid at signing of the contract and the balance is to be paid in three equal annual installments of Rs. 15,000 each. The rate of interest is 5% per annum. Calculate the amount of interest in each instalment.

26. Draw a format of the sales ledger adjustment a/c in general ledger under the self balancing system.

27. On 1<sup>st</sup> January, 2012 Leena bought two trucks for Rs. 8,00,000 under hire purchase system from Shilpa traders. Leena paid Rs. 2,00,000 immediately and the balance was to be paid in 3 annual installments of Rs. 2,00,000 each together with interest @ 20% per annum. Leena paid the installment due up to the end of 2013 but could not pay the next and as a result one truck was repossessed for Rs. 1,40,000 by adjusting its value against the amount due. Depreciation was @ 20% on diminishing balance method. Prepare the Truck A/c in the books of Leena.



28. The following information are extracted from the trial balance as on 31<sup>st</sup> Dec. 2012

Debtors	21,500	
Discount allowed	800	
Provision for discount on debtors 1-1-2012	900	(Cr)
Bad debts	1,200	

**Additional information :**

- 1) Bad debts to be written off Rs. 500.
- 2) Provision required for bad debts Rs. 1,000.
- 3) Provision required for discount on debtors is 3%.

Prepare provision for discount on debtors account and also show how the relevant items would appear in the P & L A/c and B/S.

29. Pass the necessary adjustment entries :

- i) On 31<sup>st</sup> March, 2010 the value of stock of raw materials was Rs. 4,00,000 and that of finished goods was Rs. 3,50,000.
- ii) Rs. 30,000 for wages are outstanding.
- iii) Rs. 12,000 for insurance (personal) and Rs. 20,000 for income-tax was paid in advance.
- iv) Write off depreciation on machinery Rs. 80,000 and on building Rs. 30,000.

30. What are the important entries in the books of the purchaser in installment system of purchase ?

31. On 1<sup>st</sup> January 2009 loose tools account showed the balance of Rs. 10,000 and on 31<sup>st</sup> December 2009, loose tools were revalued at Rs. 12,500. During the year loose tools were purchased for Rs. 15,000 in respect of which carriage of Rs. 300 was paid. These items were charged to purchases account and carriage account respectively make adjustment entries.

**(6×4=24 Marks)**



## SECTION – D

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

32. S. S. Himalaya set on a voyage from Calcutta to Bombay. On 31<sup>st</sup> December, the date on which the account has to be closed, the return had not been completed. The detailed information for the entire voyage to Bombay and back to Calcutta completed after 31<sup>st</sup> December were :

Freight	4,00,000
Depreciation	40,000
Coal consumption	70,000
Insurance ship	20,000
Stores consumed	30,000
Insurance freight	8,000
Port charges	15,000
Salaries of crew	40,000
Primage	10%
Address commission	5%

Only Rs. 1,50,000 freight was available on return journey. Prepare Voyage Account upto 31<sup>st</sup> December.

33. The following figures are extracted from a proprietorship concern as at 31<sup>st</sup> December, 2010.

Furniture	15,000
Proprietor's Capital A/c	54,000
Cash	8,000
Opening stock	50,000
Fixed deposit	1,34,600
Drawings	5,000
Provision for bad debts	3,000
Cash at bank	10,000
Purchases	3,00,000
Salaries	19,000
Carriage inwards	41,000



Insurance	6,000
Rent	22,000
Sundry debtors	60,000
Sales	6,00,000
Advertisement	10,000
Postage and telephone	3,400
Bad debts	2,000
Printing and stationary	9,000
General charges	13,000
Sundry creditors	40,000
Deposits from customers	6,000

Prepare Trading and Profit and Loss A/c and Balance Sheet after taking into consideration the following information :

Closing stock as on 31<sup>st</sup> December 2010, Rs. 10,000. The sale of Rs. 25,000 made for cash had been credited to the purchases a/c, Salary of Rs. 2,000 paid to an employee had been entered in the cash book at Rs. 1,000, charge depreciation on furniture at 10%, Furniture had been sold during the year for Rs. 10,000 and the proceeds had been credited to furniture a/c. The written down value of furniture sold was Rs. 5,000, A sum of Rs. 10,000 received from a party who had purchased stocks belonging to a separate business of the proprietor was credited to debtors a/c, the proceeds of a matured fixed deposit, Rs. 25,400, had been credited to the fixed deposits a/c. The original amount of the deposit was Rs. 20,000, there was an outstanding liability for rent of Rs. 2,000, an advance of Rs. 1,000 paid to an employee against his salary of January 2011 had been debited to the salary account, the office premises where sublet from December 2010 for a monthly rental of Rs. 1,000, but the rent for December has not yet been received.



34. On 1<sup>st</sup> January 2010 Ashok acquired furniture on the hire purchase system from Real Aids Ltd., agreeing to pay four semi-annual instalments of Rs. 800 each, commencing on 30<sup>th</sup> June, 2010. The cash price of the items was Rs. 3,010 and an interest of 5% per annum was chargeable on 30<sup>th</sup> September 2010. Ashok expresses his inability to continue and the Real Aids Ltd. seized the property. It was agreed that Ashok would pay the due proportion of the instalment upto the date of seizure and also a further sum of Rs. 200 towards depreciation. At the time of repossession, Real Aids valued the furniture at Rs. 1,500. The company after incurring Rs. 200 towards repairs of the furniture sold the items for Rs. 1,800 on 15<sup>th</sup> October 2010. Show important ledger accounts in the books of Real Aids Ltd.

35. A company charges depreciation on Plant and Machinery under reducing balance system @ 15% per annum. On 1<sup>st</sup> April 2010, the balance in ledger stood at Rs. 4,60,000. The following particulars are given relating to plant and machinery during the four years ended 31<sup>st</sup> March, 2014.

1-9-2010 A machine purchased for Rs. 20,000 (installation expenses Rs. 1,000) on 1-5-2008 was fully destroyed in an accident.

1-7-2011 Purchased a new machine costing Rs. 50,000 (installation expenses Rs. 2,500). A sum of Rs. 30,000 was paid on the same date and the balance was paid in May 2012.

31-8-2012 Plant purchased on 1<sup>st</sup> April 2009 for Rs. 30,000 (installation expenses Rs. 1,500) was disposed for Rs. 36,000.

1-11-2013 Some old machineries (book value on 1-4-2010 Rs. 10,000) were sold for Rs. 4,000.

Show the machinery and plant a/c for the four years assuming depreciation is charged proportionately even if the asset is sold or destroyed. (2×15=30 Marks)