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G – 2517

Reg. No. :

Name :

Second Semester B.Com. Degree Examination, May 2019

First Degree Programme Under CBCSS

Core Course

FINANCIAL ACCOUNTING

(Common for CO 1241/CC 1242/CX 1241/TT 1241/HM 1241)

(2018 Admn)

Time : 3 Hours

Max. Marks : 80

SECTION – A

Answer **all** questions in one word to a maximum two sentences. Each question carries **1** mark.

1. What is accounting?
2. What is a trial balance?
3. For what purpose profit and loss account is prepared?
4. What is a closing entry?
5. What is primage?
6. What is short sale?
7. What is the book of prime entry?

P.T.O.

8. What is written down value method of depreciation?
9. Write any two names of accounting concepts.
10. What is Fixed Interest Bearing Securities? (10 × 1 = 10 Marks)

SECTION – B

Answer **any eight** questions in one paragraph. Each question carries **2** marks.

11. What are the Errors which are not disclosed by a Trial Balance?
12. Write a note on accounting cycle.
13. Write a note on current liabilities.
14. Explain money measurement concept.
15. What is deferred revenue expenditure?
16. State whether the following are capital or revenue expenditure.
 - (a) Paid a bill of Rs. 10,000 of Mr. Kumar, who was engaged as the erection engineer to set up a new automatic machine costing Rs. 20,000 at the new factory site.
 - (b) Incurred Rs. 26,000 expenditure on varied advertisement campaigns undertaken yearly, on a regular basis, during the peak festival season.
 - (c) In accordance with the long-term plan of providing a well-equipped Labour Welfare Centre, spent Rs. 90,000 being the budgeted allocation for the year.
17. What are the features of hire purchase?

18. Journalise the following transactions in the books of Mr. Roy

2018 April

- 1 He started business with a capital of - Plant Rs. 10,000, Bank Rs. 8,000, Stock Rs. 12,000
- 2 Bought furniture for resale Rs. 5,000
- 3 Bought furniture for Office decoration Rs. 3,000
- 4 Paid rent out of personal cash for Rs. 2,000
- 5 Sold furniture out of those for resale Rs. 6,000
- 6 Paid Salary to Mr. X for Rs. 1,200

19. On 12th June, 2017 fire occurred in the premises of a paper merchant. Most of the stock were destroyed, cost of stock salvaged being Rs. 11,200. In addition, some stock were salvaged in a damaged condition and its value in that condition was agreed at Rs. 10,400. From the books of account the following particulars were available :

- (a) The stock at the close of account on 31st December, 2016 was valued at Rs. 83,500.
- (b) The purchase from 1.1.15 to 12.6.17 amounted to Rs. 1,12,000 and sales during that period amounted to Rs. 1,54,000.

On the basis of accounts for the past three years it appears that the firm earns on an average gross profit of 25% on sales. Stock for Rs. 60,000 has been insured. Compute the amount of the claim.

20. Write notes on (a) Cum dividend or interest (b) ex dividend or interest

21. What are the Advantages of Straight-Line Depreciation?

22. On 31st march 2018 Sethu purchased for cash from Ravi four 6% Rs. 100 Debentures of M Ltd at Rs. $110\frac{1}{2}\%$ Ex interest ; interest being payable on 1st June and 1st December each year. How will you record the transaction in the books of Ravi if each party had to pay bank commission of 25 paise percent?

(8 × 2 = 16 Marks)

SECTION – C

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

23. What are the objectives of accounting?
24. Explain the basic concepts of accounting.
25. On 1.1.2011 a machine was purchased for Rs. 1,00,000 and Rs. 50,000 was paid for installation. Assuming that the rate of depreciation was 10% on Reducing Balance Method, calculate amount of depreciation upto 31.12.2013.
26. M.M. Mariee a ship Voyaged from Mumbai to London and back on 31st March 2018 on which date the accounts was closed the ship was on her half way back to Mumbai from London. The details of the voyage were as under.
- Freight - Mumbai to London Rs 1,00,000
- London to Mumbai 60,000
- Coal consumption 20,000
- Stores consumed 15,000
- Port charges Rs 10,000
- Salaries of crev 17,000
- Depreciation 16,000
- Insurance of ship for the voyage 20,000
- Primage 10% and Address commission 5%
- Prepare voyage account upto 31st March 2018.

27. Prepare an Accounting Equation from the following transactions in the books of Mr. X for January, 2018 :
- 1 Invested Capital in the firm Rs. 20,000
 - 2 Purchased goods on credit from Das & Co. for Rs. 2,000
 - 4 Bought plant for cash Rs. 8,000
 - 8 Purchased goods for cash Rs. 4,000
28. The value of insurance policy for the loss of stock is Rs. 1,00,000. Stock on hand on the date of fire is Rs. 1,40,000 out of which stock destroyed is estimated to be Rs. 70,000. What should be the amount claim to be admitted by the insurance company?
29. On 1st April, 2011, Som Ltd. purchased a machine for Rs. 66,000 and spent Rs. 5,000 on shipping and forwarding charges, Rs. 7,000 as import duty, Rs. 1,000 for carriage and installation, Rs. 500 as brokerage and 500 for an iron pad. It was estimated that the machine will have a scrap value of Rs. 5,000 at the end of its useful life which is 15 years. On 1st January, 2012 repairs and renewals of Rs. 3,000 were carried out. On 1st October, 2013 this machine was sold for Rs. 50,000. Prepare Machinery Account for the 3 years.
30. What are the differences between sinking fund method and annuity method of depreciation?
31. What is depreciation fund method? Write entries required.

(6 × 4 = 24 Marks)

SECTION – D

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

32. X purchased a truck for Rs. 2,80,000, payment to be made Rs. 91,000 down and 3 installments of Rs. 76,000 each at the end of each year. Rate of interest is charged at 10% p.a. Buyer depreciates assets at 15% p.a. on written down value method. Because of financial difficulties, X, after having paid down payment and first installment to the end of 1st year could not pay second installment and seller took possession of the truck. Seller, after spending Rs. 9,200 on repairs of the asset sold for Rs. 1,50,000. Show the relevant accounts.

33. Mr. A, who is a sole trader following is the trial balance as on 31 dec 2017

	Rs.		Rs.
Cash at bank	61,590	Sales	9,36,200
Cash in hand	11,800	12% bank loan	80,000
Drawings	20,000	Capital	1,60,000
Bills receivable	39,600	Bills payable	5,200
Salary	44,000	Discount received	2,400
Market value Rs. 28,000	24,000	Sundry creditors	1,26,200
Stock on 1.1.2017	1,27,360	Investment	
Land and building	80,000	Income from investment	1,980
Travelling expenses	13,800	Purchase return	7,400
Motor van	32,000		
Furniture	16,000		
Telegram	1,600		
Sundry debtors	1,28,000		
Discount allowed	3,600		
Sundry expense	37,240		
Stationary	3,200		
Bank loan interest	6,000		
Establishment	9,190		
Advertisement	2,000		
Sales return	5,000		
Purchase	6,53,400		
	<u>13,19,380</u>		<u>13,19,380</u>

Additional information

- (a) Closing stock is valued at 2,40,000
- (b) Maintain a reserve of 10% of debtors as reserve for debtors

- (c) Provide a reserve of 5% on sundry debtors as reserve for discount and 5% on sundry creditors
- (d) Stock worth Rs. 20,000 destroyed by fire on 25.11.2017 in respect of which the insurance company admitted the claim only Rs. 15,000
- (e) The manager of the business is entitled to get a commission of 10% of net profit after calculating such commission
- (f) Charge depreciation 2.5% on land and building. 10% on furniture, 20% on motor van
- (g) Salary paid in advance 3000.

Prepare a trading and profit and loss account on 31 Dec 2017 and balance sheet on that date.

34. Prepare Journal and ledger

2018

May

1. Mr. N. started business with cash Rs. 5,000, stock Rs. 3,000, Furniture Rs. 2,000.
2. Purchased goods from Mr. Y for Rs. 3,000.
3. Paid expenses Rs. 200.
4. Paid Mr. Y on account Rs. 1,000.
5. Sold goods to Mr. T. for Rs. 4,000.
6. Paid wages Rs. 800.
7. Received from Mr. T in full settlement of his account Rs. 3,950.

35. On 1st April 2016 Janaki Ltd. had Rs. 3,00,000 6% Government stock at Rs. 94 (face value Rs. 100 each). Interest is payable half-yearly on 31st March and 30th September. The company sold Rs. 90,000 of the stock at Rs. 95 ex-interest on 1st June and purchased Rs. 72,000 stock at Rs. 97 cum -interest on 1st September. A further purchase of Rs. 36,000 stock was made on 1st December at Rs. 98 ex-interest. Draw up 6% Government Stock Account in the Investment Ledger of the company for the year ended 31st March, 2017. Ignore brokerage and income tax. The stock was quoted at Rs. 96 at the Stock Exchange on that date.

(2 × 15 = 30 Marks)