

SECOND SEMESTER B.Com. DEGREE EXAMINATION, MAY 2016

(CUCBCSS—UG)

Core Course

BCM 2B 02—FINANCIAL ACCOUNTING

Time : Three Hours

Maximum : 80 Marks

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

(A) Choose the correct answer :

1 Return inwards account is a :

- (a) Personal a/c. (b) Real a/c.
(c) Nominal a/c. (d) None of these.

2 Accidental loss of stock is adjusted against :

- (a) Trading a/c. (b) P and L a/c.
(c) Manufacturing a/c. (d) Purchase a/c.

3 The buyer charges depreciation on _____ of the asset.

- (a) Hire purchase price. (b) Cash price.
(c) Market price. (d) None of these.

4 Both the assets and capital would be increased by :

- (a) Purchasing an asset on credit
(b) Cash withdrawn by the owner.
(c) Profit earned and retained in the business.
(d) Borrowing long term loan.

5 Goods purchased for re-sale is :

- (a) Deferred revenue expenditure.
(b) Revenue expenditure.
(c) Capital expenditure.
(d) Revenue receipt.

Turn over

(B) Fill in the blanks :

- 6 Income tax paid by a sole trader out of business cash is treated as _____.
- 7 AS-10 deals with _____.
- 8 Capital expenditures are shown in _____.
- 9 Branch a/c prepared under debtors system is a _____.
- 10 Prepaid expenses are in the nature of _____.

(10 × 1 = 10 marks)

Part B (Short Answer Questions)

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

- 11 What are departmental accounts ?
- 12 What is a revenue receipt ?
- 13 What is visitors' ledger ?
- 14 How hire purchase system differs from installment system ?
- 15 What do you mean by single entry ?
- 16 What is meant by memorandum trading account ?
- 17 What is a non-trading concern ?
- 18 Define accounting standards ?
- 19 What are inter-branch transfers ?
- 20 What is specific donation ?

(8 × 2 = 16 marks)

Part C (Short Essay Questions)

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

- 21 Differentiate between Receipts and payments a/c and Income and expenditure account.
- 22 Explain the accounting treatment of partial repossession.
- 23 What is meant by stock and debtors system ? List out its advantages.
- 24 Write a note on IFRS.

- 25 Galaxy Ltd. has a hire purchase department ; goods are sold on hire purchase at 50% profit on cost. Prepare H.P.Trading a/c for the year ending 31 march 2014:

	1-4-2012	31-3-2013
	Rs.	Rs.
Stock with customers	27,000	?
Stock in the shop	54,000	61,500
Installments due	15,000	27,000

Goods repossessed (installments due Rs. 8,000) valued at Rs. 1,500 which had been included in the stock at the end. Cash received from customers Rs. 1,80,000 ; purchases Rs. 1,80,000.

- 26 The Receipt and payment a/c for the year ended 31.12.2013 showed a debit entry of Rs. 10,000. From the information available, it is found that :

Subscription outstanding on 31.12.2012 was Rs. 2,000

Subscription outstanding on 31.12.2013 was Rs. 4,000

Subscription received in advance as on 31.12.2012 was Rs. 3,000

Subscription received in advance as on 31.12.2013 was Rs. 2,000

Calculate the income from subscription for the year ending 31.12.2013.

- 27 Amul Ltd. sent goods to its Cochin branch at 25% profit over costs. From the following details, prepare the Branch a/c in the books of Amul ltd. and ascertain the net profit at the branch :

	Rs.
Opening stock of goods at branch at invoice price ...	20,000
Goods sent to branch at invoice price ...	90,000
Loss of goods in transit at invoice price ...	6,000
Pilferage at branch at cost to branch ...	1,200
Closing stock at branch at its cost ...	16,000
Sales at branch ...	1,05,000
Salaries and wages at branch ...	6,000
Other expenses at branch ...	3,000

Cochin branch received Rs. 4,000 from the insurance company in settlement of the claim for the loss of goods in transit.

Turn over

- 28 M/s Zaria Ltd. has a hire purchase department, goods are sold on hire purchase at 60%. From the following details find out the profit or loss made in the department.

1-1-2013 :

Goods out on hire purchase (at H.P. price) ... 16,0

Installments due ... 1,0

Goods sold on hire purchase during the year (at H.P. price) ... 80,0

Cash received during the year ... 56,0

Goods received back (H.P. Installments unpaid Rs. 2,000) ... 3

31-12-2013 :

Goods with hire purchase customers (at H.P. price) ... 36,0
(6 × 4 = 24)

Part D (Essay Questions)

Answer any two questions.
Each question carries 15 marks.

- 29 Sajjan keeps his books of account under single entry system. On 31st March 2014 his state of affairs stood as follows :

Liabilities	Rs.	Assets	Rs.
Trade creditors	5,80,000	Furniture and fittings	1,00,000
B/P	1,25,000	Stock	6,10,000
Outstanding expenses	45,000	Trade debtors	1,48,000
Capital a/c	2,50,000	B/R	60,000
		Unexpired insurance	2,000
		Cash in hand and at bank	80,000
	10,00,000		10,00,000

The following was the summary of Cash book for the year ended 31st March 2014.

Receipts	Rs.	Payments	Rs.
Cash in hand and at bank (on 1-4-13)	80,000	Payments Trade creditors	75,07,000
Cash sales	73,80,000	Payments for B/P	8,15,000
Receipt from Trade debtors	15,10,000	Sundry expenses	6,20,000
Receipt from B/R	3,40,000	Drawings	2,40,000
		Cash in hand and at bank (on 31-3-14)	1,27,300
	93,10,000		93,10,000

Discount allowed to trade debtors and received from trade creditors amounted to Rs. 36,000 and Rs. 28,000 respectively. Bills endorsed amounted to Rs. 15,000. Annual fire insurance premium of Rs. 6,000 was paid every year on 1st August for the renewal of policy. Furniture and fittings were subject to depreciation at 15% p.a. on diminishing balance method.

You are also informed about the following balances as on 31st March 2014.

	Rs.
Stock ...	6,50,000
Trade debtors ...	1,52,000
Bills receivable ...	75,000
Bills payable ...	1,40,000
Outstanding expenses ...	5,000

Sajan maintains a steady gross profit ratio of 10% on sales.

Prepare Trading and Profit and Loss a/c for the year ended 31st March 2014 and Balance sheet as at that date.

30 The following is the trail balance of Grace Ltd. as on 31 December 2015 :

<i>Particulars</i>	<i>Debit (Rs.)</i>	<i>Credit (Rs.)</i>
Purchases	1,80,000	
Stock (Jan. 1, 2015)	10,000	
Salaries less P.F.	5,400	
P.F. Remittance including Prop. contribution 50%	1,200	
Rent at 250 p.m.	2,750	
Machinery	29,000	
Wages	3,000	
Furniture and fittings	5,000	
Electricity	550	
Trade expenses	1,500	
Debtors	10,500	
Interest on loan	900	
Commission	200	
Buildings	30,000	
Sales		2,05,000
Loan (10% Interest)		10,000
Creditors		15,000
Capital		55,000
Drawings	5,000	
	2,85,000	2,85,000

Prepare Trading and Profit and Loss a/c for the year ended 31st December 2015 and Balance sheet as at that date after taking into account the following informations :

- (a) On 1-1-2015, Machinery worth Rs. 5,000 was sold for Rs. 4,000 and credited to machinery account.
- (b) Wages include Rs. 1,000 paid for machinery erection charges.
- (c) Purchase includes cost of Moped Scooter for Rs 5,000.
- (d) Proprietor has taken goods costing Rs. 1,000 for which no entry has been made.
- (e) Sundry debtors include Rs. 500 which has become bad.
- (f) Provide 10% reserve for bad debts.
- (g) Electricity outstands Rs. 50.
- (h) Goods costing Rs. 5,000 were destroyed by fire, and insurance claim was received for Rs. 4000.
- (i) Provide depreciation at 10% on machinery, furniture and moped scooter.
- (j) Provide depreciation at 5% on buildings.
- (k) Closing stock is Rs. 12000.

31 The following are the Trial Balances of Fiona Ltd. and its Delhi Branch as on March 31,2014.

	H.O	Delhi Br.		H.O	Delhi Br.
Stock on 1 st April 2013	50,000	30,000	Creditors	30,000	9,000
Purchases	1,50,000	80,000	Goods sent to Branch	15,000	—
Wages	1,00,000	40,000	Purchases returns	5,000	1,000
Manufacturing Expenses	30,000	10,000	Capital	2,00,000	—
Goods received from H.O	—	15,000	Sales	4,50,000	1,50,000
Rent	8,000	4,000	Discount earned	2,000	1,000
Salaries	30,000	10,000	H.O.Account	—	50,000
General Expenses	20,000	5,000			
Debtors	40,000	15,000			
Machinery-H.O	1,50,000				
Branch	50,000				
Furniture-H.O	7,000				
Branch	3,000				
Branch Account	54,000				
Cash in hand	10,000				
	7,02,000	2,11,000			
				7,02,000	2,11,000

Closing stock at Head office was Rs. 40,000 and at Delhi Branch, Rs. 30,000. Depreciation is to be allowed at 20% on Machinery, 15% on Furniture. Rent still payable in respect of March 2014 for the bank premises is Rs. 500.

Prepare the Trading and Profit and Loss in columnar form and the consolidated Balance sheet. Also show the Branch Account.

(2 × 15 = 30 marks)