

SECOND SEMESTER B.Com. DEGREE EXAMINATION, MAY 2017

(CUCBCSS—UG)

Core Course

BCM 2B 02—FINANCIAL ACCOUNTING

(2016 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part A

Answer all questions.

Each question carries 1 mark.

I. Choose the correct answer :

1 _____ excludes from its scope business combinations of entities under common control.

- (a) IFRS 3. (b) IFRS 15.
(c) IFRS 6. (d) Ind AS 10.

2 The convergence of the Indian Accounting Standards with IFRS BEGAN IN _____.

- (a) April 10. (b) August 9.
 (c) December 1. (d) October 1.

3 The difference between subscribed capital and called up capital is known as _____.

- (a) Paidup capital. (b) Uncalled capital.
(c) Calls in advance. (d) Calls in arrear.

4 Subscription received in advance is _____.

- (a) An income. (b) An asset.
 (c) A liability. (d) An expense.

5 Inventory should be measured at lower of cost and _____.

- (a) NRV. (b) Residual value.
(c) Historical value. (d) Cost of disposal.

II. Fill up the blanks :

6 _____ are the amount of income taxes payable in future periods for taxable temporary differences.

7 Share application account is classified as _____ account.

Turn

- 8 GAAP Stands for _____.
- 9 FASB stands for _____.
- 10 _____ is charge against profit.

(10 × 1 = 10 marks)

Part B (Short Answer Questions)*Answer any eight questions.**Each question carries 2 marks.*

- 11 Define Impairment.
- ✓ 12 What are contingent liabilities ?
- 13 What is depletion ?
- ✓ 14 What is single entry system ?
- ✓ 15 Define convertible debentures.
- ✓ 16 What do you mean by going concern assumptions ?
- ✓ 17 What is security premium ?
- ✓ 18 Define sweat equity.
- ✓ 19 What is calls in arrear ?
- ✓ 20 What are divisible profits ?

(8 × 2 = 16 marks)

Part C (Short Essay Questions)*Answer any six questions.**Each question carries 4 marks.*

- ✓ 21 Distinguish between reserves and provisions.
- ✓ 22 State the differences between IFRS and Indian accounting standards.
- ✓ 23 A company issued 10,000 equity shares of Rs. 10 each at a premium of Rs. 3 per share payable as follows :
- On application Rs. 4 per share.
- On allotment Rs. 5 per share (including premium).
- On first and final call Rs. 4 per share.

Subscriptions were received for 13,000 shares, the excess money was refunded and the allotment money was received in full. The first and final call was made in due course and the amount due was received with the exception of 100 shares. These shares were forfeited show the necessary journal entries.

- 24 From the following balances calculate cash from operating activities :—

	31 st December 2014	31 st December 2015
	Rs.	Rs.
Bills receivable	50,000	47,000
Debtors	10,000	12,500
Bills payable	20,000	25,000
Creditors	8,000	6,000
Outstanding expenses	1,000	1,200
Prepaid expenses	800	700
Accrued income	600	750
Income received in advance	800	250
Profit made during the year	—	70,000

- 25 Explain the limitations of single entry systems .

- 26 From the following information find out opening stock. Also prepare memorandum trading account :—

Sales—2,00,000.

Gross profit—25 % on sales.

Purchases—1,50,000.

Closing stock—25,000.

- 27 A building has a carrying amount of Rs. 2 million. New interior walls cost Rs. 0.4 million. The original walls have a carrying amount of Rs. 0.2 million. Calculate the new carrying amount.
- 28 Discuss various methods of depreciation.

(6 × 4 = 24 marks)

Turn over

Part D (Essay Questions)

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

- 29 From the following balances of A Co. Ltd. as on 31st March 2015 prepare final accounts in the prescribed form :—

	<i>Amount</i>
	Rs.
Stock (01-04-2014)	75,000
Purchases	2,45,000
Sales	3,50,000
Wages	50,000
Profit and Loss Account (31-03-2014)	15,030
Share capital (10,000 equity shares of Rs. 10 each)	1,00,000
Creditors	17,500
Reserve fund	15,500
Discount received	5,000
Furniture	17,000
Salary	7,500
Rent	4,950
Sundry expenses	7,050
Dividend paid	9,000
Debtors	37,500
Machinery	29,000
Cash in hand	10,200
Cash at bank	6,000
Patent	4,830

Adjustments :

- (a) Closing stock Rs. 82,000.
- (b) Depreciation @ 10 % on fixed assets.
- (c) Provision for income tax @ 50 %.

30 From the following prepare income and expenditure account for the year 2016 and a balance sheet as on that date of Ram sports club :—

Balance Sheet as on 31st December 2012

<i>Liabilities</i>	<i>Amount</i>	<i>Assets</i>	<i>Amount</i>
	<i>Rs.</i>		<i>Rs.</i>
Outstanding creditors for		Cash	... 10,000
Expenses (establishment)	1,400	Advance payment for food	... 300
For sports material	8,500	Due from members for	
Subscription in advance	560	subscription	... 3,000
Club fund	1,40,000	Investments	... 52,000
	... 1,40,560	Buildings	... 60,000
		Furniture	... 24,000
		Stock of food	... 900
		Stock of sports material	... 260
	<u>1,40,560</u>		<u>1,50,460</u>

Receipts and Payments account for the year ended :

<i>Receipts</i>	<i>Amount</i>	<i>Payments</i>	<i>Amount</i>
	<i>Rs.</i>		<i>Rs.</i>
To Balance		By establishment expenses	... 7,000
Cash	2,000	Sports material	... 10,000
Bank	8,000	Food material	... 16,600
Entrance fees	... 2,400	Printing and stationery	... 1,400
Subscription :		Electric equipment	... 4,000
2012	3,000	Cash	... 21,000
2013	20,000		
2014	2,000		
Sale of entertainment tickets	... 20,000		
Sale of sports material	... 2,600		
	<u>60,000</u>		<u>60,000</u>

Turn over

Additional information :

(a) Stock as on 31-12-2013 :

Sports—Rs. 800.

Food—Rs. 600.

(b) Subscription outstanding—Rs. 1,800.

(c) Outstanding creditors : Sports material—Rs. 400, Establishment expenses—Rs. 800.

(d) Advance payment for sports material—Rs. 600.

(e) Entrance fees are to be capitalized.

31 What is IFRS ? What are the objectives of IFRS ? Explain in brief the various International Financial Reporting Standards formulated by IASB.

(2 × 15 = 30 marks)

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