

SECOND SEMESTER (CUCBCSS—UG) DEGREE EXAMINATION, MAY 2019

B.Com.

BCM 2B 02—FINANCIAL ACCOUNTING

(2017 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part A

Answer all questions.

Each question carries 1 mark.

(A) Choose the correct answer :

- 1 The convergence of the Indian Accounting Standards with IFRS began in :
  - (a) April 11.
  - (b) April 10.
  - (c) August 09.
  - (d) December 11.
- 2 The company cannot issue shares at a discount more than :
  - (a) 15 %.
  - (b) 10 %.
  - (c) 5 %.
  - (d) 3 %.
- 3 The profit on reissue of share shares is transferred to ———.
  - (a) General Reserve.
  - (b) Capital Reserve.
  - (c) Profit and Loss Account.
  - (d) Profit and Loss Appropriation Account
- 4 In single entry system, it is not possible to prepare :
  - (a) Receipt and Payment account.
  - (b) Trial Balance.
  - (c) Balance Sheet.
  - (d) Account sales.
- 5 The provision for minimum subscription of 90 % will not apply when the shares are :
  - (a) Offered to public.
  - (b) Sold through private placement.
  - (c) Issue as right share.
  - (d) Bonus issue.

Turn over

## (B) Fill in the blanks :

- 6 As per Section 17, banking companies incorporated in India shall transfer every year at least \_\_\_\_\_ % of its profit before any dividend is declared to a reserve fund.
- 7 The amount of depreciation charged in the initial years will be more in the case of \_\_\_\_\_ method.
- 8 \_\_\_\_\_ annual payment which a life insurance company guarantees to pay for a lump sum money received in the beginning.
- 9 Loss on issue of debenture is treated as \_\_\_\_\_.
- 10 Dividend proposed is above 20 %, then % of current profit transfer to reserve is \_\_\_\_\_.

(10 × 1 = 10 marks)

## Part B (Short Answer Questions)

Answer any eight questions  
Each question carries 2 marks.

- 11/ What is FASB ?
- 12 What is capital maintenance ?
- 13/ What is CRR ?
- 14 What is double insurance ?
- 15 What are the various types of single entry system ?
- 16 State the meaning of reserve capital.
- 17/ What is slip system ?
- 18 What is right issue ?
- 19 What is meant by Non-Banking assets ?
- 20 Explain the principles of disclosure ?

(8 × 2 = 16 marks)

## Part C (Short Essay Questions)

Answer any six questions.  
Each question carries 4 marks.

- 21 State the objectives of accounting standards.
- 22 What are the benefits of IFRS convergence ?

- 30 From the following information, prepare profit and loss account of the Southern Bank Ltd. For the period ended on 31<sup>st</sup> March 2015 :

	Rs.		Rs.
Interest on loans	... 300	Interest on cash credits	... 240 <sup>1</sup>
Interest on fixed deposits	... 275	Interest on savings bank deposits	... 87 <sup>2</sup>
Commission	... 10	Postage, telegrams and stamps	... 10
Exchange and brokerage	... 20	Printing and stationery	... 20
Salaries and allowances	... 150	Sundry expenses	... 15
Discount on bills (gross)	... 152	Rent	... 10
Interest on temporary overdraft in current accounts	... 30		

*Additional information :*

- (a) Rebate on bills discounted 30.  
 (b) Salary of managing director 30.  
 (c) Provision for bad debts 40.  
 (d) Provision for income tax is to be made 55 %  
 (e) Interest of Rs. 4,000 on doubtful debts was wrongly credited to interest on loan account.  
 (f) Provide Rs. 15,000 as dividend.

- 31 Following is the Trial Balance of ABC Ltd. as on December 31, 2016

	Dr. Rs.	Cr. Rs.
Stock	... 12,500	
Sales		40,000
Purchases	... 34,500	
Wages	... 5,000	
Discount	... 700	500
Salaries	... 750	
Rent	... 495	
Office expenses	... 1,705	
Surplus account as at 1-1-2016		1,503
Dividend paid	... 900	
Capital 1,000 shares of Rs. 10 each		10,000
Debtors and creditors	... 3,750	1,750
Machinery	... 2,900	
Cash	... 1,620	
Reserve		11,550
Bad debts	... 483	
	65,303	65,303

Turn over

Prepare Profit and Loss Account and Balance Sheet after taking into account the following information :

- (a) Stock Rs. 30,000.
- (b) Purchases include Rs. 500 purchased on 1-7-2016.
- (c) On 31-12-2016 goods worth Rs. 3,000 were sold to a customer. He has taken away the goods. But no entry is recorded.
- (d) Directors declare 10 % of final dividend.
- (e) Income tax Rs. 3,000.
- (f) Transfer to Reserve fund Rs. 2,000.

(2 × 15 = 30 marks)

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