

C 22021**(Pages : 4)****Name.....****Reg. No.....****SECOND SEMESTER (CBCSS-UG) DEGREE EXAMINATION, APRIL 2022****B.Com.****BCM 2B 02—FINANCIAL ACCOUNTING****(2021 Admissions)****Time : Two Hours and a Half****Maximum Marks : 80****Section A**

*Answer any **ten** questions.
Each question carries 3 marks.
All questions can be attended.
Overall Ceiling 30.*

1. What is reserve capital ?
2. List any four IFRS.
3. Explain under subscription.
4. What is double entry system of accounting ?
5. Expand SOPL and SOFP.
6. What do you understand by reissue of forfeited shares ?
7. What is a cumulative preference share ?
8. What is a debenture ?
9. What is fraction shares ?
10. What do you mean by principle of objectivity ?
11. What is allotment of shares ?
12. State the objectives of Ind-AS.
13. What are current liabilities ?
14. What do you mean by financial reporting ?
15. Define accounting standards.

(10 × 3 = 30 marks)**Section B**

*Answer any **five** questions.
Each question carries 6 marks.
All questions can be attended.
Overall Ceiling 30.*

16. Explain the different types of debentures.
17. Distinguish single-entry and double-entry system of accounting.
18. What are the objectives of accounting standards ?

Turn over

19. From the following data, ascertain total sales :—

| | ₹ |
|--------------------------------------|--------|
| Balance of debtors on 01-01-2020 ... | 24,000 |
| Sales returns ... | 10,000 |
| Cash received from customers ... | 90,000 |
| Discount allowed to them ... | 6,000 |
| Bills receivable received ... | 34,000 |
| Bad debts ... | 3,000 |
| Bills receivable dishonoured ... | 7,000 |
| Balance of debtors on 31-12-2020 ... | 20,000 |
| Cash sales ... | 50,000 |

20. Arjun Ltd. issues 1,00,000 equity shares of Rs. 10 each at a premium of 20 % payable as Rs. 2 on application, Rs. 7 on allotment (including premium) and Rs. 3 on first and final call. The company received applications for 2,85,000 shares. It deals with them in the following manner :

- Applications for 25,000 shares receives the full allotment.
- The applicants for 2,25,000 shares receive one share for every three shares applied for.
- It rejects the applications for 35,000 shares.

The company duly receives the entire amount. Pass necessary journal entries.

21. Vivek Ltd. took over assets worth Rs. 5,00,000 and liabilities of Rs. 1,34,000 of Midhun Traders for the purchase consideration of Rs. 3,96,000. Vivek Ltd. paid the purchase consideration by issuing debentures of Rs. 100 each. Give journal entries in the books of Vivek Ltd. assuming that debentures are issued at 10 % premium.
22. AB Ltd. issued 5,000 shares of Rs. 10 each at par, payable Rs. 3 on application. Rs. 2 on allotment, Rs. 3 on first call and Rs. 2 on final call. Mrs. Smitha was allotted 50 shares. Give the necessary journal entries relating to the forfeiture of shares in the following alternative cases.
- Case 1 : If Smitha failed to pay the allotment money and her shares were forfeited.
 - Case 2 : If Smitha failed to pay allotment money and on her subsequent failure to pay the first call, her shares were forfeited.
 - Case 3 : If Smitha failed to pay the first call and on her subsequent failure to pay the final call, her shares were forfeited.
23. A company carried forward a balance of Rs.40,000 from the P & L A/c for the year ended 31-03-2019. During the year 2019-20 it made a further profit of Rs. 3,10,000 before providing taxation. It was decided that the following decisions may be carried out :
- Provision for taxation Rs. 1,50,000.
 - Dividend equalisation reserve Rs. 25,000.
 - Dividend on 8 % preference shares of Rs. 2,00,000.

- (d) Dividend at 15 % on 30,000 equity shares of Rs. 10 each fully paid.
- (e) General expenses Rs. 35,000.
- (f) Development rebate reserve Rs 35,000.

Show journal entries.

(5 × 6 = 30 marks)

Section C

Answer any **two** questions.

Each question carries 10 marks.

24. From the following details, you are required to ascertain profit or loss made by a trader during the year ended 31-12-2020 and to prepare the statement of affairs as on that date :

| Particulars | 31-12-2019 | 31-12-2020 |
|-------------------------|------------|------------|
| Cash in hand ... | 700 | 850 |
| Cash at bank ... | 2,500 | 3,000 |
| Stock in trade ... | 25,000 | 30,000 |
| Sundry debtors ... | 30,000 | 40,000 |
| Sundry creditors ... | 15,000 | 12,000 |
| Plant and Machinery ... | 80,000 | 1,00,000 |
| Furniture ... | 30,000 | 25,000 |

During the year the trader has withdrawn Rs. 2,000 per month to meet his family obligations. Depreciate machinery at 10 % and furniture at 5 %. As regards debtors Rs. 1,000 are irrecoverable and a provision of 2 % is to be created.

25. A company issued 10,000 equity shares of Rs. 10 each at a premium of Rs. 3 per share, payable Rs. 4 on application, Rs. 5 on allotment (including premium) and Rs. 4 on first and final call. 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 and subsequently re-issued as fully paid for a consideration of Rs. 8 per share.

Show journal entries recording the above transactions.

26. Malabar Manufacturing Company was registered with an authorised capital of Rs. 10,00,000 divided into shares of Rs. 10 each, of which 40,000 shares had been issued and fully paid. The following is the trial balance on 31-03-2019 :

| Particulars | Debit | Credit |
|------------------------------|----------|--------|
| Stock (01-04-2018) ... | 1,86,420 | |
| Returns ... | 12,640 | 9,810 |
| Manufacturing expenses ... | 19,240 | |
| 18 % Bank loan (secured) ... | | 50,000 |

Turn over

| | | |
|----------------------------------|-----|----------|
| | 4 | |
| Office salaries | ... | 13,000 |
| Director's remuneration | ... | 12,000 |
| Freehold premises | ... | 1,64,210 |
| Furniture | ... | 5,000 |
| Debtors and Creditors | ... | 1,64,400 |
| Cash at bank | ... | 1,06,860 |
| Profit and Loss A/c (01-04-2018) | ... | 8,640 |
| Share capital | ... | 4,00,000 |
| Purchases and Sales | ... | 7,18,210 |
| Wages | ... | 1,09,740 |
| Carriage inward | ... | 4,910 |
| Interest on bank loan | ... | 4,500 |
| Audit fees | ... | 1,250 |
| Preliminary expenses | ... | 6,000 |
| Machinery | ... | 1,28,400 |
| Loose tools | ... | 12,500 |
| Cash in hand | ... | 1,920 |
| Advance payment of tax | ... | 14,290 |
| Commission | ... | 8,640 |
| Transfer fee | ... | 40 |
| Rates and electricity | ... | 17,610 |
| Repairs | ... | 8,610 |
| Carriage outward | ... | 9,260 |
| Calls in arrears | ... | 1,000 |

Prepare final accounts for the year ended 31-03-2019 after considering the following :—

- On 31-03-2019, outstanding wages and salaries stood at Rs. 1,890 and Rs. 1,200 respectively. On the same date, stock was valued at Rs. 1,24,840 and loose tools at Rs. 10,000.
- Provide interest on bank loan for 6 months.
- Depreciate machinery by 15 % and furniture by 10 %.
- Write off one-third of preliminary expenses.
- Make a provision for income tax at 50 %.
- Provide Rs. 8,500 on debtors for doubtful debts.
- Provide further Rs. 3,120 for discount on debtors.
- The directors recommended a dividend at 15 % for the year ending 31-03-2019 after a transfer of 5 % on net profit to general reserve.

27. What are accounting standards ? Explain the need and importance of global accounting standards.

(2 × 10 = 20 marks)

C 22021-A**(Pages : 4)****Name.....****Reg. No.....****SECOND SEMESTER (CBCSS—UG) DEGREE EXAMINATION
APRIL 2022****BCM 2B 02—FINANCIAL ACCOUNTING****(2021 Admissions)****(Multiple Choice Questions for SDE Candidates)****Time : 15 Minutes****Total No. of Questions : 20****Maximum : 20 Marks****INSTRUCTIONS TO THE CANDIDATE**

1. This Question Paper carries Multiple Choice Questions from 1 to 20.
2. The candidate should check that the question paper supplied to him/her contains all the 20 questions in serial order.
3. Each question is provided with choices (A), (B), (C) and (D) having one correct answer. Choose the correct answer and enter it in the main answer-book.
4. The MCQ question paper will be supplied after the completion of the descriptive examination.

BCM 2B 02—FINANCIAL ACCOUNTING
(Multiple Choice Questions for SDE Candidates)

1. A Single entry system it:
(A) Complete and scientific system. (B) Incomplete and unscientific.
(C) Incomplete and scientific. (D) Complete and unscientific.
2. In Single entry system, it is not possible to prepare :
(A) Receipts and payments A/c. (B) Trial balance.
(C) Balance sheet. (D) Account sales.
3. Credit Purchase can be calculated by preparing :
(A) Cash book. (B) Statement of affairs.
(C) Debtors A/c. (D) Creditors A/c.
4. In single entry system only accounts are opened :
(A) Personal A/c. (B) Real A/c.
(C) Nominal A/c. (D) Real and Nominal A/c.
5. Single entry system, of book - keeping is generally followed by :
(A) Small business. (B) Non-trading
(C) Large business. (D) None.
6. Preference shares, in case the holders of these have a right to convert their preference shares into equity shares at their option according to the terms of issue, such shares are called :
(A) Cumulative Preference Share. (B) Non-cumillative Preference Share.
(C) Convertible Preference Share. (D) Non-convertible Preference Share.
7. The following statements apply to equity/preference shareholders. Which one of them applies only to preference shareholders ?
(A) Shareholders risk the loss of investment.
(B) Shareholders bear the risk of no dividends in the event of losses.
(C) Shareholders usually have the right to vote.
(D) Dividends are usually given at a set amount in every' financial year.

8. Discount allowed on re-issue of forfeited shares is debited to :
- (A) Share Capital A/c. (B) Share forfeiture A/c.
(C) Statement of Profit and Loss. (D) General Reserve A/c.
9. Debenture holders are :
- (A) Owners of the Company. (B) Debtors of the Company.
(C) Creditors of the Company. (D) Promoters of the Company.
10. Zero Coupon Bonds are issued :
- (A) At Zero Interest Rate.
(B) With Specified Rate of Interest.
(C) Without Specified Rate of Interest.
(D) None of these.
11. Debenture Application Account is in the nature of :
- (A) Real Account. (B) Personal Account.
(C) Nominal Account. (D) None of the above.
12. Discount on issue of Debentures is in the nature of :
- (A) Revenue loss. (B) Capital loss.
(C) Deferred Revenue Expenditure. (D) None of the above.
13. Premium received on issue of debentures may be utilised for :
- (A) For writing off discount allowed on issue of shares.
(B) For writing off premium allowed on redemption of debentures
(C) For writing off preliminary expenses.
(D) For All of the Above.
14. The rate of discount on shares cannot exceed :
- (A) 5 %. (B) 10 %.
(C) 6 %. (D) None of these.

Turn over

15. The profit on reissue of forfeited shares is transferred to :
- (A) General reserve. (B) Capital reserve.
(C) Capital redemption reserve. (D) None of these.
16. When an existing company offers its shares for sale to the existing shareholders, it is known as :
- (A) Private placement. (B) Bonus issue.
(C) Right issue. (D) Offer for sale.
17. The original cost at which an asset or liability is acquired is known as _____.
- (A) Amortization. (B) Replacement cost.
(C) Historical cost. (D) Carrying cost.
18. Accounting in India is governed by the _____.
- (A) Income tax department.
(B) Company law board.
(C) Institute of chartered accountants of India.
(D) Reserve bank of India.
19. Unclaimed dividend is shown in the B/S under the head :
- (A) Current liability. (B) Unsecured loan.
(C) Reserve and surplus. (D) Provisions.
20. Advance payment of tax is in the nature of :
- (A) Capital expenditure. (B) Prepaid expenses.
(C) Outstanding expenses. (D) Revenue expenditure.