

C 43114

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Name.....

Reg. No.....

SECOND SEMESTER (CBCSS—UG) DEGREE EXAMINATION
APRIL 2023

B.Com.

BCM 2B 02—FINANCIAL ACCOUNTING

(2019—2022 Admissions)

Time : Two Hours and a Half

Maximum : 80 Marks

Section A*Answer all the questions.**2 marks each.**Maximum 25 Marks.*

1. What do you mean by issue of shares at premium ?
2. What is calls in advance ?
3. What is single entry system of accounting ?
4. What is capital reserve ?
5. Explain over subscription of shares ?
6. What do you understand by forfeiture of shares ?
7. What are divisible profits ?
8. What do you mean by principle of revenue recognition ?
9. Expand IFRS.
10. What is private placement ?
11. Write the objectives of ASB ?
12. What is a convertible preference share ?
13. What is a balance sheet ?
14. What is pro-rata allotment ?
15. What is a bearer debenture ?

(15 × 2 = 30 Maximum ceiling 25 Marks)

Turn over

Section B

Answer all the questions.

5 marks each.

Maximum 35 Marks.

16. Explain the different phases of issue of share capital.
17. Distinguish reserve capital and capital reserve.
18. Explain the features of IFRS.
19. From the following data, ascertain total purchases.

Balance of creditors on 01-01-2020	:	14,000
Cash paid to creditors	:	10,000
Discount allowed by them	:	500
Bills payable given	:	10,000
Returns outward	:	3,000
Balance of creditors on 31-12-2020	:	25,000
Cash purchase	:	10,000

20. Surya Ltd. Issued 2,00,000 equity shares of Rs. 10 each, payable Rs. 3 on application, Rs. 2 on allotment, Rs. 3 on first call and Rs. 2 on final call. The company duly receives the amount due on allotment. One shareholder holding 6,000 shares paid the final call money along with the first call, while another shareholder holding 10,000 shares did not pay the first call money. The company did not make the final call.

Pass 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 % discount.
22. Hindustan Ltd. Was registered with a nominal capital of Rs. 20,00,000 divided into 20,000 shares of Rs. 100 each. The company issued 10,000 shares at par, payable Rs. 20 on application, Rs. 30 on allotment, Rs. 20 on first call and Rs. 30 on final call. All shares were subscribed by the public and amounts duly received. Pass journal entries in the books of the company.

23. A company carried forward a balance of Rs. 40,000 from the P and 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.
- (a) Provision for taxation Rs. 1,50,000.
 - (b) Dividend equalisation reserve Rs. 25,000.
 - (c) 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 reserve Rs. 35,000.
 - (f) Development rebate reserve Rs. 35,000.

Show the changes in the Surplus in Statement of Profit and Loss.

(8 × 5 = 40 Maximum ceiling 35 Marks)

Section C

*Answer any **two** of the following.
10 marks each.*

24. Arjun commenced business on 01-01-2020, with a capital of Rs. 25,000. He immediately bought furniture for Rs. 6,000. During the year, he borrowed Rs. 15,000 from his wife and introduced further capital of his own amounting to Rs. 9,500. He had withdrawn Rs. 900 at the end of each month for family expenses.

On 31-12-2020, his position was as follows.

Cash in hand Rs. 600, cash at bank Rs. 7,800, debtors Rs. 14,400, stock Rs. 20,400, bills receivable Rs. 4,800, creditors Rs. 1,500, rent due Rs. 450. Furniture is to be depreciated by 10 %. Ascertain the profit or loss made by Arjun during 2020.

25. Manju Ltd. Issued 2,00,000 equity shares of Rs. 10 each payable as Rs. 3 on application, Rs. 2 on allotment, Rs. 2 on first call and Rs. 3 on final call. The company receives application for 2,40,000 shares. It allows applicants for 1,00,000 shares in full, those for 1,20,000 shares, 1,00,000 shares and rejects applications for 20,000 shares.

One shareholder did not pay the first call money on 6,000 shares which she paid with the final call. Another shareholder holding 2,000 shares did not pay the final call money till the end of the accounting year. Show journal entries.

Turn over

26. The following are the balances of Adarsh Ltd. as on 31/03/2019 :

Debits	Amount	Credits	Amount
Premises	30,72,000	Share Capital(Rs.100 shares)	40,00,000
Plant	33,00,000	12 % Debentures	30,00,000
Stock	7,50,000	Profit and Loss A/c	2,62,500
Debtors	8,70,000	Bills payable	3,70,000
Goodwill	2,50,000	Creditors	4,00,000
Cash in hand	4,06,500	Sales	41,50,000
Calls in arrear	75,000	General reserve	2,50,000
Interim dividend paid	3,92,500	Provision for bad debts	35,000
Purchases	18,50,000	(01/04/2018)	
Preliminary expenses	50,000		
Wages	9,79,800		
General expenses	68,350		
Salaries	2,02,250		
Bad debts	21,100		
Debenture interest paid	1,80,000		
	1,24,67,500		1,24,67,500

Additional information :

- (1) Depreciate plant by 15 %.
- (2) Write off Rs. 5,000 from preliminary expenses.
- (3) Half year's debenture interest due.
- (4) Create 5 % provision for bad debts.
- (5) Provide for income tax @ 50 %.
- (6) Stock on 31/03/2019 was Rs. 9,50,000.

Prepare final accounts of the company for the year ended 31/03/2019.

27. Explain the advantages and disadvantages of adopting IFRS in India.

(2 × 10 = 20 marks)

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BCM 2B 02—FINANCIAL ACCOUNTING

(2019—2022 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. Opening capital is ascertained by preparing :
 - (A) Cash book.
 - (B) Creditors A/c.
 - (C) Debtors A/c.
 - (D) Opening statement of affairs.
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. Company has _____.
 - (A) Separate Legal Entity.
 - (B) Perpetual Existence.
 - (C) Limited Liability.
 - (D) All of the Above.
4. Who are the real owners of a company ?
 - (A) Government.
 - (B) Board of Directors.
 - (C) Equity shareholders.
 - (D) Debenture holders.
5. 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-cumulative Preference Share.
 - (C) Convertible Preference Share.
 - (D) Non-convertible Preference Share.
6. 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.
7. Share Application Account is in the nature of :
 - (A) Real Account.
 - (B) Personal Account.
 - (C) Nominal Account.
 - (D) None of the above.

8. From which account, expenses on issue of shares will be written off first of all :
- (A) Statement of Profit and Loss. (B) Miscellaneous Expenditure Account.
(C) Share Issue Expenses Account. (D) Securities Premium Reserve Account.
9. 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.
10. Debenture holders are :
- (A) Owners of the Company. (B) Debtors of the Company.
(C) Creditors of the Company. (D) Promoters of the Company.
11. The debentures whose principal amount is not repayable by the company during its life time, but the payment is made only at the time of Liquidation of the company, such debentures are called :
- (A) Bearer Debentures. (B) Redeemable Debentures.
(C) Irredeemable Debentures. (D) Non-Convertible Debentures.
12. 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.
13. Premium on issue of shares can be used for :
- (A) Issue of bonus shares. (B) Distribution of profit.
(C) Transferring to general reserve. (D) None of these.
14. The profit on reissue of forfeited shares is transferred to :
- (A) General reserve. (B) Capital reserve.
(C) Capital redemption reserve. (D) None of these.
15. 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.

Turn over

16. 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.
17. Advance payment of tax is in the nature of :
- (A) Capital expenditure.
 - (B) Prepaid expenses.
 - (C) Outstanding expenses.
 - (D) Revenue expenditure.
18. Discount on shares and debentures are shown in :
- (A) Profit and loss appropriation account.
 - (B) Asset side of the balance sheet.
 - (C) Liability side of the balance sheet.
 - (D) None of these.
19. The amount set aside to meet the loss of bad debt is :
- (A) Provision.
 - (B) Liability.
 - (C) Reserve.
 - (D) Contingent liability.
20. Advance payment of tax should be shown on the :
- (A) Debit side of P/L A/c.
 - (B) Debit side of the profit and appropriation account.
 - (C) Asset side of the balance sheet.
 - (D) Liability side of the balance sheet.