

C 42871

(Pages : 5)

Name.....

Reg. No.....

**SECOND SEMESTER (CUCBCSS—UG) DEGREE EXAMINATION  
APRIL 2023**

B.Com.

BCM 2B 02—FINANCIAL ACCOUNTING

(2017—2018 Admissions)

Time : Three Hours

Maximum : 80 Marks

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

1. Commission paid to Re- insurer is known as :
  - a) Commission on direct business.
  - b) Commission on re-insurance ceded.
  - c) Commission on re-insurance accepted.
  - d) None of above.
2. An asset which does not generate income to the banker is termed as :
  - a) Performing asset.
  - b) Fixed asset.
  - c) Fictitious asset.
  - d) Non-performing asset.
3. Discount allowed on re-issue of forfeited shares is debited to :
  - a) Discount on issue of shares account.
  - b) Profit and loss account.
  - c) Forfeited shares account.
  - d) Share capital account.
4. In capital comparison method, profit or loss is ascertained by preparing :
  - a) Income and expenditure account.
  - b) Statement of profit or loss.
  - c) Trading account.
  - d) Balance sheet.

**Turn over**

5. International accounting standards are known as :
- a) Indian accounting standards.      b) AS.  
c) IFRS.      d) None of these.
6. Accounting standard board is set up on :
- a) 1<sup>st</sup> April 1977.      b) 11<sup>st</sup> March 1997.  
c) 21<sup>st</sup> April 1977.      d) 31<sup>st</sup> March 1997.
7. Under diminishing balance method depreciation is calculated on :
- a) Original cost.      b) Written down value.  
c) Scrap value.      d) None of these.
8. Debentures constitute \_\_\_\_\_ of the company .
- a) Equity Capital.      b) Authorized capital.  
c) Reserve capital.      d) Borrowed capital.
9. IASB stands for :
- a) Indian Accounting Standard Board.  
b) International Auditing Standard Board.  
c) International Accounting Standard Board.  
d) International Assurance Service Board.
10. The maximum amount of capital a company can issue is called \_\_\_\_\_.
- a) Issued capital.      b) Paid up capital.  
c) Authorized capital.      d) Called up capital.

(10 × 1 = 10 marks)

### Part II

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

11. What is forfeiture of shares ?
12. What is Rebate on bills discounted ?
13. What is Re-insurance ?

14. Define Debenture.
15. What is single entry system of book keeping ?
16. What are calls-in-arrears ?
17. What you mean IFRS convergence ?
18. What is Non -Banking asset ?
19. What is valuation balance sheet ?
20. What are financial elements ?

(8 × 2 = 16 marks)

### Part III

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

21. Explain the objectives and functions of Accounting Standard Board of India.
22. State the differences between single entry system and double entry system.
23. Explain the classification of bank advances.
24. Calculate rebate of bills discounted as On 31-3-2021 from the following data :

Date of bill	Term	Discount Rate	Amount
January 17	4 months	17 %	3,65,000
February 7	3 months	18 %	7,30,000
March 9	3 months	17.5 %	1,82,000

25. A life insurance company gets its valuation made once in every two years. Its life assurance fund on 31-3-2021 amounted to Rs. 41,40,000 before providing Rs. 30,000 for the shareholders dividend for the year 2020-21. Its actuarial valuation due on 31-3-2021 disclosed a net liability of 40,40,000 under assurance annuity contracts.

An interim bonus of Rs. 60,000 was paid to the policyholders during the year ending 31-3-2021. Prepare statement showing the amount now available to policy holders.

**Turn over**

26. Ascertain profit of the business from the following particulars :

Capital as on 1-1-2021	:	2,20,000
Additional capital Introduced during the year	:	80,000
Drawings	:	20,000
Capital as on 31-12-2021	:	3,00,000

27. On 1-1-2018, machinery was purchased by X for Rs. 50,000. On 1-7-2019 additions were made to the extent of Rs. 10,000. On 1-4-2020, further additions were made to the extent of Rs. 6,400.

On 30-6-2021 machinery, the original value of which was Rs.8, 000 on 1-1-2018, was sold for Rs. 6,000. X closes his books on 31<sup>st</sup> December each year.

Show the machinery account for the years from 2018 to 2021 in the books of X if depreciation is charged at 10 % by diminishing balance method.

28. Explain the Functions of the FASB.

(6 × 4 = 24 marks)

#### Part IV

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

29. What is IFRS ? Explain the differences between Ind AS and IFRS.

30. Mr. Jose does not maintain proper books of accounts .From the following information balance prepare financial statements as on 31-12-2021 :

<i>Particulars</i>	31-12-2020	31-12-2021
Debtors	9,000	12,500
Stock	4,900	6,600
Furniture	500	750
Creditors	3,000	2,250

Other information :

Cash collected from debtors	30,400
Cash paid to creditors	22,000
Salaries	6,000
Rent	7,50

Office expenses	9,00
Drawings	1,500
Additional capital introduced	1,000
Cash sales	750
Cash purchases	2,500
Discount received	3,50
Discount allowed	1,50
Returns inward	5,00
Returns outward	4,00
Bad debt	1,00
Cash in hand on 1-1-2021	2,500

31. From the following information prepare profit and loss account of Yes Bank Ltd as on 31-3-2021 :

Rs' in 000

Interest on loan	300	Interest on temporary OD in current a/c	30
Interest on FD	275	Interest on SB a/c s	87
Commission	10	Postage and telegram	10
Exchange and brokerage	20	Printing	20
Salaries and allowances	150	Sundry expenses	10
Discount on bill(Gross)	152	Rent	15
Interest on cash credits	240	Taxes	10
		Audit fees	10

Other information :

1. Rebate on bills discounted : 30,000
2. Salary of managing director :30000
3. Provision for bad debts : 40,000
4. Provision for income tax is to be made for Rs. 34,000
5. Interest of Rs.4, 000 on doubtful debts was wrongly credited to interest on loans a/c.

(2 × 15 = 30 marks)

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(Pages : 4)

Name.....

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**SECOND SEMESTER (CUCBCSS—UG) DEGREE EXAMINATION, APRIL 2022**

B.Com.

BCM 2B 02—FINANCIAL ACCOUNTING

(2017—2018 Admissions)

Time : Three Hours

Maximum : 80 Marks

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

1. \_\_\_\_\_ are set of accounting standards notified by the Ministry of Corporate affairs which are converged with International Financial Reporting Standards.
  - (a) International Accounting Standards.
  - (b) Indian Accounting Standard.
  - (c) Indian Auditing Standard.
  - (d) International Auditing Standards.
2. Issue of debentures can be for :
  - (a) For cash.
  - (b) For consideration other than cash.
  - (c) As collateral security.
  - (d) All of the above.
3. IFRS stands for :
  - (a) Indian Financial Reporting Standards.
  - (b) Indian Forensic Reporting Standards.
  - (c) International Financial Reporting Standard.
  - (d) International Financial data Recording Standard.
4. The securities Premium accounts must be shown as “Securities premium reserve” separately on the liability side of the balance sheet under the head :
  - (a) Current assets.
  - (b) Non-current assets.
  - (c) Reserves and Surplus.
  - (d) Current liabilities.

**Turn over**

5. A fixed rate of dividend is paid on \_\_\_\_\_.
- (a) Equity shares. (b) Preference shares.  
(c) Debentures. (d) Term loans.
6. The amount of depreciation charged on machinery will be debited to \_\_\_\_\_.
- (a) Depreciation a/c. (b) Machinery a/c.  
(c) Provision for depreciation a/c. (d) None of these.
7. A valuation balance sheet is prepared by :
- (a) Joint stock company. (b) Banking company.  
(c) Holding company. (d) Insurance company.
8. Rebate on bills discounted is :
- (a) An accrued income. (b) An item of income.  
(c) Income received in advance. (d) Outstanding expense.
9. Closing capital + drawing – opening capital equals :
- (a) Profit or loss. (b) Current liabilities.  
(c) Borrowings. (d) Fixed assets.
10. GAAP stands for :
- (a) Generally accepted accounting principles.  
(b) Globally accepted accounting practice.  
(c) Generally allowable accounting principles.  
(d) Generally allowable accounting practices.

(10 × 1 = 10 marks)

### Part II

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

11. What is NPA ?
12. Define accounting standards.
13. What is Annuity ?
14. Write a short note on Ind AS.
15. What is issue of shares at a premium ?
16. What is CRR ?
17. What Bonus in reduction of premium ?

18. What is depreciation ?  
 19. What is statement of affairs ?  
 20. What is statutory reserve ?

(8 × 2 = 16 marks)

**Part III**

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

21. Write a short on slip system of posting.  
 22. What is IFRS convergence ? What are benefits of IFRS convergence ?  
 23. What do you mean by accounts from incomplete record ? Explain its features.  
 24. Define accounting standards. Explain its objectives.  
 25. Calculate rebate of bills discounted as on 31-3-2021 from the following data :

Due Date of bill	Discount Rate	Amount
April 8	12%	3,75,000
May 5	14%	1,50,000
June 12	14%	2,20,000
July 15	15%	4,80,000

26. Star Insurance Company shows the following data regarding premiums on 31-3-2021 :

Direct premium received during the year	5,00,000
Premium out standing on 1-4-2020	50,000
Premium out standing on 31-3-2021	1,00,000
Re-insurance premium paid	20,000
Re-insurance premium received	40,000
Bonus in reduction of premium	15,000

Calculate amount of net premiums to be credited to Revenue account.

27. Ascertain profit of the business from the following particulars :

Capital as on 1-4-2021	:	4,00,000
Additional capital Introduced during the year	:	50,000
Drawings	:	20,000
Capital as on 31-3-2022	:	8,00,000

**Turn over**

28. From the following data ascertain total sales :

Balance of debtors on 1-1-2021	44,000
Sales returns	12,000
Cash received from customers	70,000
Discount allowed to them	5,000
B/R received	30,000
Bad debts	2,000
B/R dishonored	9,000
Balance of debtors as on 31-12-2021	30,000
Cash sales	70,000

(6 × 4 = 24 marks)

#### Part IV

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

29. Explain the role of IASB in developing IFRS.

30. Prepare the fire revenue account as per IRDA regulations for the year ended 31-3-2021 :

Claims paid	4,90,000
Legal expenses regarding claims	10,000
Premium received	13,00,000
Re-insurance premium paid	1,00,000
Commission	3,00,000
Expenses of management	2,00,000
Provision against unexpired risk on 1-4-2020	5,50,000
Claims unpaid on 1-4-2020	50,000
Claims unpaid on 31-3-2021	80,000

31. From the following information prepare Profit and Loss account of Indian Bank Ltd. as on 31-3-2021 :

Interest on loan	25,90,000	Interest on current a/c	4,20,000
Interest on FD	27,50,000	Interest on SB a/cs	6,80,000
Commission	82,000	Postage and Telegram	14,000
Rebate on bills discounted	4,90,000	Printing	29,000
Establishment charge	5,40,000	Sundry expenses	17,000
Discount on bills discounted (net)	14,60,000	Rent and rates	1,80,000
Interest on cash credit	22,30,000	Directors fees	30,000
Interest on OD	15,40,000	Audit fees	12,000

Other information :

1. Provision for bad debts : 4,00,000.
2. Provision for income tax is to be made at 55%.

(2 × 15 = 30 marks)

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(Pages : 6)

Name.....

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**SECOND SEMESTER (CUCBCSS—UG) DEGREE EXAMINATION  
APRIL 2022**

B.Com.

BCM 2B 02—FINANCIAL ACCOUNTING

(2016 Admissions)

Time : Three Hours

Maximum : 80 Marks

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

(A) Choose the correct answer :

1 Accounting standards for Impairment of Assets is given in :

- (a) Ind AS 36. (b) Ind AS 19.  
(c) Ind AS 46. (d) Ind AS 12.

2 The receipts and payments account of a non-profit organization is a \_\_\_\_\_ account.

- (a) Nominal account. (b) Real account.  
(c) Income statement account. (d) Personal account.

3 Cash flow statements is based on :

- (a) Cash basis. (b) Accrual basis.  
(c) Both cash and accrual basis. (d) None of these.

4 Dividends can be paid only out of :

- (a) Free reserve. (b) Capital redemption reserve account.  
(c) Securities premium account. (d) Reserve capital.

5 Goods distributed among customers free of cost is a part of \_\_\_\_\_ expense.

- (a) Revenue. (b) Advertisement.  
(c) Capital. (d) Business.

**Turn over**

(B) Fill in the blanks :

- 6 Principles revenue producing activity of an undertaking is called \_\_\_\_\_ activity.
- 7 Interest on capital is \_\_\_\_\_ for the business.
- 8 Events that arises after the financial statements are published are called \_\_\_\_\_.
- 9 The minimum share application money is \_\_\_\_\_.
- 10 \_\_\_\_\_ liability is a liability which may or may not arise in future.

(10 × 1 = 10 marks)

**Part B (Short Answer Questions)**

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

- 11 What is FASB ?
- 12 Explain the revenue recognition principle under IFRS.
- 13 What is cash equivalents ?
- 14 What is fair value ?
- 15 What is capital fund ?
- 16 State the meaning of 'statement of affairs'.
- 17 What is final dividend ?
- 18 What do you mean by registered debenture ?
- 19 What is divisible profit ?
- 20 What is event after reporting period ?

(8 × 2 = 16 marks)

**Part C (Short Essay Questions)**

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

- 21 Discuss the benefits of IFRS convergence in India.
- 22 Explain the objectives and uses of financial statement.
- 23 Discuss the types of employees benefits under Ind AS 19.

- 24 When an entity can change an accounting policy ?
- 25 On 1<sup>st</sup> April, 2015, Jasmeet Ltd. purchased a machine for Rs. 12,00,000. On 1<sup>st</sup> October, 2017, apart of machine purchased on 1<sup>st</sup> April, 2015 for Rs. 80,000 was sold for Rs. 45,000 and a new machine was purchased for Rs. 1,58,000 on the same date. Company provides depreciation @ 10 % p.a. on written down value method. Prepare necessary ledger accounts.
- 26 A keeps his books under incomplete system. His position on 31<sup>st</sup> January 2016 was as follows :
- Cash in hand Rs. 5,500, Cash at bank Rs. 1,000, Stock-in-trade Rs. 7,000, sundry debtors Rs. 8,400, Machinery Rs. 6,500, Bills Receivables Rs. 2,600, Sundry creditors Rs. 2,500 Bills payable Rs. 4,000.
- On 31<sup>st</sup> December 2016, his position was as follows :
- Cash in hand Rs. 4,300 cash in Bank Rs. 1,700, stock in trade Rs. 9,000, Sundry debtors Rs. 6,000, Machinery Rs. 6,500 Bills receivables Rs. 3,200, Bills payable Rs. 3,200 and Sundry creditors Rs. 1,600. During the year 2013 Mr. A withdrew Rs. 800 per month for personal purposes and introduced ₹ 2,000 for additional capital . Calculate profit or loss of the trader and also prepare his Final statement of Affairs after considering the following :
- (a) Depreciate machinery 5 % ; and
- (b) Create reserve for bad and doubtful debts 5 %.
- 27 ABC Ltd. forfeited 150 shares of Rs. 20 each, issued at a discount of Rs. 2 per share, for non-payment of final call or Rs. 6 per share. Subsequently 100 of these shares were re-issued as fully paid at Rs. 15 per share. Show the journal entries relating to the forfeiture and reissue.
- 28 From the following information, calculate Basic EPS and diluted EPS.
- MM Ltd had outstanding equity shares of 50,00,000 on 1.1.2015. Net Profit for the year is Rs. 1,00,00,000 and company had 12 % 1,00,000 convertible debenture outstanding of Rs. 100 each to converted into Rs. 10 equity shares. Tax rate is 30 %.

(6 × 4 = 24 marks)

**Turn over**

**Part D (Essay Questions)**

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

29. Following is the Trial Balance of KM Traders as at 31st March, 2018. Prepare a Trading and P and L A/c and a Balance Sheet :

*Trial Balance*

<i>Particulars</i>	<i>Dr. (Rs.)</i>	<i>Cr. (Rs.)</i>
Opening Stock	16,000	
Capital		45,000
Salaries	13,000	
Drawings	4,000	
Carriage Inwards	500	
Carriage Outwards	1,000	
Sales Return	1,000	
Purchase Return		700
Loan to Mr. X	11,000	
Loan from Mr. Y		7,000
Rent	1,300	
Rent Outstanding		200
Purchase	40,000	
Sales		73,400
Debtors	25,000	
Creditors		8,000
Bad Debt	800	
Reserve for Bad Debt		1,200
Discount	600	
Furniture	11,700	
Wages	500	

<i>Particulars</i>	Dr. (Rs.)	Cr. (Rs.)
Insurance Premium	1,200	
Rent by Sub-letting		800
Cash	700	
Bank	8,000	
<b>Total</b>	<b>1,36,300</b>	<b>1,36,300</b>

Adjustments :

1. Closing Stock Rs. 10,500, but the market value of closing stock was Rs. 9,500.
2. Insurance premium prepaid Rs. 200.
3. Loan to Mr. X, given at 10 % interest p.a. and loan taken from Mr. Y carries 9 % interest p.a.
4. Depreciation is to be provided at 5 % on furniture.
5. Goods worth Rs. 500 have been taken by the proprietor for private use.
6. Bad and doubtful debts are to be provided at 10 %.

30 The Receipts and Payments Account of Navkar Football Club for the year ended 31<sup>st</sup> March, 2018 was as under :

Receipts	Rs.	Payments	Rs.
To Balance b/d (1.4.2017)	48,000	By Purchase of balls	80,000
Subscription received	2,46,000	Tournament fees	10,000
Interest	2,000	Affiliation fees	2,000
Sale of furniture	10,000	Rent of playground	5,000
Donation for club building	60,000	Refreshment expenses	4,000
		Travelling expenses	30,000
		Investments purchase at face value	1,00,000
		Salary	12,000
		Miscellaneous expenses	8,000
		Balance c/d	1,15,000
	<b>3,66,000</b>		<b>3,66,000</b>

**Turn over**

Prepare Club's Income and Expenditure Account for the year ended 31st March, 2018, and Balance Sheet as on that date after taking the following information :

- a) The subscription received include Rs. 10,000, outstanding subscription of the year 2016-17. Subscription for the year 2017-2018 amounting to Rs. 16,000 is still outstanding from members. Some members have paid subscriptions for the year 2018-19 amounting to Rs. 8,000 which is included in the subscriptions received.
- b) Interest accrued but not received Rs. 500.
- c) The book value of the furniture sold was Rs. 14,000.
- d) The rent of playground Rs. 6,000 and salary Rs. 5,000 of the year 2017-18 are still outstanding and rent of playground of the year 2016-17 Rs. 1,000 has been paid during this year.
- e) There is stock of balls with the club valued at Rs. 4,000 as on 31<sup>st</sup> March 2018.

31 From the given particulars of Shine and Bright Co. Ltd. as at March 31, 2018, prepare Balance Sheet in accordance to the (revised) Schedule VI of the Companies act 2013 :

<i>Particulars</i>	<i>Amount Rs.</i>	<i>Particulars</i>	<i>Amount Rs.</i>
Preliminary expenses	2,40,000	Goodwill	30,000
Discount on Issue of shares	20,000	Loose Tools	12,000
10 % Debentures	2,00,000	Motor vehicles	4,75,000
Stock in trade	1,40,000	Provision for tax	16,000
Cash at bank	1,35,000		
Bills receivables	1,20,000		

(2 × 15 = 30 marks)

C 4053

(Pages : 6)

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**SECOND SEMESTER (CUCBCSS—UG) DEGREE EXAMINATION, APRIL 2021**

B.Com.

BCM 2B 02—FINANCIAL ACCOUNTING

(2017 Admissions)

Time : Three Hours

Maximum : 80 Marks

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

1. According to Sec. \_\_\_\_\_ of the Banking regulation Act, 1949, no banking company shall pay any dividend on its shares until its capitalised expenses have been completely written off.
  - (a) 17.
  - (b) 16.
  - (c) 15.
  - (d) 14.
2. Claims against the bank not acknowledged as debt :
  - (a) Contingent liability.
  - (b) Current liability.
  - (c) Long term liability.
  - (d) Short term liability.
3. The method of rapid posting from slips :
  - (a) Direct posting.
  - (b) Short cut posting.
  - (c) Slip system of posting.
  - (d) Convex posting.
4. \_\_\_\_\_ method is an accelerated depreciation method that provides greater expenses in the early years and lesser depreciation expense in the later years of the useful life.
  - (a) Straight line.
  - (b) Depletion.
  - (c) Double-declining balance.
  - (d) Sum of years digit.
5. \_\_\_\_\_ is the systematic allocation of the cost of an intangible asset to expense.
  - (a) Fluctuation.
  - (b) Depreciation.
  - (c) Amortization.
  - (d) Depletion.

**Turn over**

6. It is the share of profit which a policyholder gets from the insurance company :
- (a) Premium. (b) Bonus.  
(c) Annuity. (d) Claim.
7. A policy which runs for a fixed period or up to a particular age of the insured :
- (a) Whole life policy. (b) With profit policy.  
(c) Without profit policy. (d) Endowment policy.
8. The statement prepared by life insurance company to find out the profit :
- (a) P & L a/c. (b) Consolidated Balance Sheet.  
(c) Common Size Balance Sheet. (d) Valuation Balance Sheet.
9. Gross profit (or gross loss) = ?
- (a) EBIT - Tax. (b) Net sales - Cost of goods sold.  
(c) Net sales + Cost of goods sold. (d) Operating profit - operating expenses.
10. Balance sheet is a statement showing the assets and liabilities of a business :
- (a) For a particular year.  
(b) For a month.  
(c) During the life time of the business.  
(d) On a particular date.

(10 × 1 = 10 marks)

## Part II

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

11. Discuss the need for depreciation.
12. What do you mean by Life Assurance Fund ?
13. What do you mean by contingent liability ?
14. What are the objectives of preparing a trading account ?
15. Discuss the treatment of outstanding expenses.
16. How will you treat the proprietor's salary ?

17. How will you compute the profit under single entry system ?
18. Classify companies on the basis of public investment.
19. State the Meaning of Rebate on Bills Discounted.
20. Distinguish between Reserves and Provisions.

(8 × 2 = 16 marks)

**Part III**

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

21. Calculate Rebate on Bills Discounted as on 31st March 2017.

Date of the bill	Amount Rs.	Period of the bill	Rate of Discount
20-01-17	80,000	5 months	16%
10-02-17	40,000	4 months	18%
15-03-17	60,000	2 months	15%

22. B. Co. Purchased machinery as follows : Date of Purchase and Cost of Machine (Rs.) 1.4.2006 -> 60,000 ; 1.10.2006 -> 40,000 ; 1.7.2007 -> 20,000

On 1.1.2008 one-third of the machinery which was purchased on 1.4.2006 became obsolete and was sold for Rs. 6,000. The machinery was to be depreciated by Fixed Instalment Method at 10% p a. Show how the Machinery Account would appear in the ledger of the Company for the years 2006. 2007 and 2008. Assume that the accounting year of the Company ends on 31st December every year.

23. From the following particulars, prepare the P&L account of South Indian General Insurance Company for the year ended 31<sup>st</sup> March, 2011.

	(Rs. '000)
Operating profit/loss for the year :	
Fire	5,000
Marine	7,000
Accident	(1,000)
Interest, dividend and rent (gross)	750
Profit on sale of investments	200

**Turn over**

	(Rs. '000)
Profit on revaluation of fixed assets	100
Loss on revaluation of investments	400
General administration expenses	75
Depreciation of office furniture and equipments	25
P & L a/c balance on 1.4.2010	120

It is proposed to transfer Rs. 1,00,000 to general reserve after making provision for income tax at 45% and for dividend at 15% on equity capital Rs. 10,00,000.

24. On 1st April, 2009 Agra Bank has Rs. 10,00,000 bills for collection. During 2009-10 it received further bills for collection amounted to Rs. 15,00,000 and returned dishonoured bills of Rs. 2,00,000 to the customers. Bills collected during the period were Rs. 17,00,000. Record these transactions in the Bills for Collection (Asset) a/c and Bills for Collection (Liabilities) a/c.
25. What do you mean by opening and adjustment entries ?
26. Discuss the treatment of provision for discount on debtors and creditors.
27. What will be the treatment of provision for taxation, dividend, interim dividend, final dividend and unclaimed ?
28. Explain slip system of accounting and its merits and demerits.

(6 × 4 = 24 marks)

#### Part IV

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

29. Discuss the role of IASB in accounting for financial instruments.
30. From the following particulars, prepare the Final accounts of Karma Bank Ltd.

	Dr. Rs.	Cr. Rs.
Share Capital : 1,00,000 share of Rs. 10 each (Rs. 5 paid up)		5,00,000
Reserve fund		10,00,000
Fixed Deposits		20,00,000
Savings bank deposits		30,00,000
Current accounts		70,00,000
Borrowed from banks		2,00,000

	Dr. Rs.	Cr. Rs.
Investment	30,00,000	
Premises	12,00,000	
Cash in hand	60,000	
Cash at Bank	28,00,000	
Money at call and short notice	30,00,000	
Interest accrued and paid	2,00,000	
Salaries	80,000	
Rent	30,000	
P&L A/c (1.4.2008)		1,60,000
Interest earned		4,50,000
Bills discounted	5,00,000	
Bills Payable		8,00,000
Loans, advances, overdraft and cash credits	70,00,000	
Unclaimed dividends		30,000
Sundry creditors		30,000
	1,51,70,000	1,51,70,000

The bank had the bills for Rs. 14,00,000 as collection for its constituents and also, acceptance and endorsements for them amounting to Rs. 4,00,000.

31. From the following particulars extracted from the books of a trader kept under the single entry system you are asked to find out the figure for credit sales and credit purchases by preparing the total debtors account and total creditors account show also the bill receivable account and bills payable account :

Balance, 1st Jan 2011	Rs :
Total debtors	18,700
Total creditors	8,500
Bills receivable	1,400
Bills payable	900

**Turn over**

	Rs :
Cash received from customers	46,500
Cash paid to creditors	24,720
Discount allowed to customers	1,450
Discount received from suppliers	950
Bad debts written off	850
Returns to suppliers	435
Returns from customers	945
Cash received against bills receivable	4,660
Cash paid against bills payable	2,230
Bad debts previously written off, now received	450
Bills receivable dishonored	500
Balance 31st December, 2011 :	
Total debtors	17,800
Total creditors	9,400
Bills receivable	350
Bills payable	105

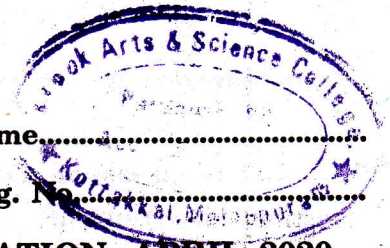
(2 × 15 = 30 marks)

C 81702

(Pages : 7)

Name.....

Reg. No.....



**SECOND SEMESTER B.Com./B.B.A. DEGREE EXAMINATION, APRIL 2020**

(CUCBCSS—UG)

B.Com.

BCM 2B 02—FINANCIAL ACCOUNTING

(2017 Admissions)

Time : Three Hours

Maximum : 80 Marks

**Part I**

*Answer all questions.*

*Each question carries 1 mark.*

1. \_\_\_\_\_ means buying and selling goods and services.
  - (a) Trade.
  - (b) Commerce.
  - (c) Industry.
  - (d) Manufacture.
2. Under this method of depreciation the WDV will never become zero :
  - (a) Straight line method.
  - (b) Annuity method.
  - (c) Diminishing Balance Method.
  - (d) Sum of year's digit method.
3. It is that portion of the uncalled capital which is called up only at the event of company's winding up.
  - (a) Uncalled capital.
  - (b) Unpaid capital.
  - (c) Capital Reserve.
  - (d) Reserve Capital.
4. \_\_\_\_\_ of shares means the acceptance of offer of the applicant for the purchase of shares.
  - (a) Application.
  - (b) Redemption.
  - (c) Allotment.
  - (d) Buyback.
5. Banking Companies are governed by the \_\_\_\_\_.
  - (a) Banking Companies Act 1935.
  - (b) Banking Regulation Act 1949.
  - (c) Companies Act, 1956.
  - (d) Companies Act, 2013.
6. If dividend not to accumulate and not to carried forward to next year, these are called \_\_\_\_\_.
  - (a) Participating preference shares.
  - (b) Non-cumulative preference shares.
  - (c) Cumulative preference shares.
  - (d) Convertible preference shares.

**Turn over**

7. \_\_\_\_\_ means to the value that will be realized by selling the asset after the expiry of the estimated working life.
- (a) Scrap value. (b) Salvage value.  
(c) Terminal value. (d) All of these.
8. \_\_\_\_\_ is the method of depreciation in which the value of asset is reduced because of change in fashion or technology.
- (a) Amortisation. (b) Obsolescence.  
(c) Depletion. (d) Deterioration.
9. In the case of private companies the maximum number of persons shall not exceed \_\_\_\_\_.
- (a) 200. (b) 150.  
(c) 100. (d) 50.
10. Equity capital is also called :
- (a) Risk capital. (b) Risk free capital.  
(c) Uncertain capital. (d) Directors capital.

(10 × 1 = 10 marks)

**Part II (Short Answer Types)**

*Answer any eight questions.*

*Each question carries 2 marks.*

11. Mention the treatment of loss of goods by fire.
12. Jay Ltd. issued 5000 shares of Rs. 10 each at a discount of 10% payable as Rs. 3 on application, Re. 1 on allotment, Rs. 3 on first call and Rs. 2 on final call. Mr. Raju was allotted 50 shares and who failed to pay first call and final call. Give journal entries if those shares were forfeited.
13. What do you mean by non-banking assets ?
14. Mention the significance of International Accounting Standard Board.
15. How can the manager's commission be ascertained ?
16. Define Depreciation.
17. State the need for IFRS conversion.
18. Name the types of insurance.
19. What are the advantages of slip system of accounting ?
20. What are the features of debentures ?

(8 × 2 = 16 marks)

**Part III (Short Essays)**

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

21. Define Single Entry. What are its features, merits and demerits ?
22. Mention the role of IASB.
23. Discuss the nature and role of financial statements.
24. For the year ended 31<sup>st</sup> December 2017, the profit of Narendara Ltd. before charging depreciation on fixed assets and managerial commission amounted to Rs. 3,00,000. Depreciation for the year charged Rs. 60,000 and a commission of 10% of profit (before charging such commission) was payable to the manager. The paid up capital of the company consisted Rs. 10,00,000 divided into 5000, 6% preference shares of Rs. 100 each and 50,000 equity shares of Rs.10 each. Interim dividend at Re. 0.5 per share was paid during the year. There was a credit balance of Rs. 35,000 in the Profit and Loss Account brought from the previous year. The following proposals was passed :  
(a) To pay the year's dividend on the preference shares ; (b) To pay a final dividend on equity shares at Re. 0.50 per share to make a total dividend of Re. 1 per share for that year ; (c) To provide for taxation @ 50% on the net profit ; (d) To transfer Rs. 25,000 to General Reserve ; and (e) To carry forward the balance. Show the Profit and Loss Appropriation Account.
25. What is the treatment of rebate on bills discounted ?
26. The following are the particulars relating to Dhana Bank Ltd. For the year ended on 31-3-2017 :
 

(i) Bills for collection as on 1-4-2016	-	Rs. 2,00,000
(ii) Bills received during the year	-	Rs. 20,00,000
(iii) Bills collected during the year	-	Rs. 12,00,000
(iv) Bills dishonoured and returned	-	Rs. 20,000

Prepare the concerned ledger accounts for the year 2017.

27. Discuss in detail the kinds of companies.
28. Mention the Objectives of depreciation.

(6 × 4 = 24 marks)

**Turn over**

**Part IV (Long Essays)***Answer any two questions.**Each question carries 15 marks.*

29. Mr. A, who is a sole trader following is the trial balance as on 31st December 2017 :

	Rs.	Rs.
Cash at bank	61,590	
Sales		9,36,200
Cash in hand	11,800	
12% bank loan		80,000
Drawings	20,000	
Capital		1,60,000
Bills receivable	39,600	
Bills payable		5,200
Salary	44,000	
Discount received		2,400
Sundry creditors		1,26,200
Income from investment		1,980
Investment (Market value Rs. 28,000)	24,000	
Purchase return		7,400
Stock on 1-1-2017	1,27,360	
Land and building	80,000	
Travelling expenses	13,800	
Motor van	32,000	
Furniture	16,000	
Telegram	1,600	
Sundry debtors	1,28,000	
Discount allowed	3,600	
Sundry expense	37,240	

	Rs.	Rs.
Stationery	3,200	
Bank loan interest	6,000	
Establishment	9,190	
Advertisement	2,000	
Sales return	5,000	
Purchase	6,53,400	
	13,19,380	13,19,380

**Additional information :**

1. Closing stock is valued at 2,40,000.
2. Maintain a reserve of 10% of debtors as reserve for debtors.
3. Provide a reserve of 5% on sundry debtors as reserve for discount and 5% on sundry creditors.
4. Stock worth Rs. 20,000 destroyed by fire on 25-11-2011 in respect of which the insurance company admitted the claim only Rs. 15,000.
5. The manager of the business is entitled to get a commission of 10% of net profit after calculating such commission.
6. Charge depreciation 2.5% on land and building, 10% on furniture, 20% on motor van.
7. Salary paid in advance 3,000.

Prepare a trading and profit and loss account on 31 December 2011 and balance sheet on that date.

30. Write an essay on Financial Accounting Standard Board.

**Turn over**

31. From the following figures taken from the books of New Bharath Insurance Co. Ltd. doing the fire insurance business, prepare the Final accounts for the year 2016-2017 :

	Rs.
Fire fund on 1 <sup>st</sup> April 2016	9,80,000
General Reserve	4,50,000
Investments	36,00,000
Premium	27,01,533
Claims paid	6,02,815
Share capital - Equity shares @ Rs.100 each	9,00,000
Additional Reserve on 1 st April 2016	3,30,000
Profit and Loss Account (credit)	75,000
Reinsurance premium	1,12,525
Claims recovered from reinsurers	21,119
Commission on reinsurance ceded	48,016
Advance income tax	2,50,000
Agents' balance (Debit)	20,000
Commission on direct business	2,99,777
Commission on reinsurance accepted	60,038
Outstanding premium	22,300
Claims intimated but not paid on 1 st April 2016	60,000
Expenses of management	4,31,947
Audit fees (General)	36,000
Rate and tax (General)	5,804
Rent (General)	67,500
Income from investments	1,53,000
Sundry creditors	22,500
Cash in hand and bank balances	1,82,462

The following further information may also be noted : 1. Expenses of management include survey fees and legal expenses of Rs. 36,000 and Rs. 20,000 relating to claims ; 2. Claims intimated but not paid on 31<sup>st</sup> March 2017 Rs. 1,04,000 ; 3. Income tax to be provided @55% ; 4. Proposed dividend 8% ; 5. Transfer to general reserve Rs. 2,00,000 ; and 6. Reserve for unexpired risk to be kept @ 40% of net premium.

(2 × 15 = 30 marks)

C 81701

(Pages : 6)

Name.....  
Reg. No.....

SECOND SEMESTER B.Com./B.B.A. DEGREE EXAMINATION, APRIL 2020

(CUCBCSS—UG)

B.Com.

BCM 2B 02—FINANCIAL ACCOUNTING

(2016 Admissions)

Time : Three Hours

Maximum : 80 Marks

**Part A**

*Answer all questions.*

*Each question carries 1 mark.*

(A) Choose the correct answer :

1 Accounting standards for Investment Property is given in :

- (a) Ind AS 36. (b) Ind AS 19.  
(c) Ind AS 40. (d) Ind AS 12.

2 Dividends are usually paid on :

- (a) Authorized capital. (b) Issued capital.  
(c) Called up capital. (d) Paid up capital.

3 The economic factors causing depreciation :

- (a) Time factor. (b) Obsolescence and inadequacy.  
(c) Wear and tear. (d) Money valuation.

4 As per SEBI guidelines minimum application money shall not be less than :

- (a) 25% of issue price. (b) 6% of issue price.  
(c) 20% of issue price. (d) 15% of issue price.

5 Profit earned through the normal operations and activities of business is :

- (a) Business profit. (b) Normal profit.  
(c) Trading profit. (d) Operating profit.

(B) Fill in the blanks :

6 In the case of Annuity Method, the amount of depreciation \_\_\_\_\_ every year.

7 For non-trading concern honorarium is \_\_\_\_\_.

**Turn over**

- 8 Goods sent as free sample is debited to \_\_\_\_\_ account.
- 9 Cash flow statements are prepared as per \_\_\_\_\_ Accounting Standard.
- 10 Debenture and shares are shown in the balance sheet at \_\_\_\_\_ value.

(10 × 1 = 10 marks)

**Part B (Short Answer Questions)**

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

- 11 What is IFRS convergence ?
- 12 State the principle of presentation.
- 13 Give the objective of Ind AS 38.
- 14 Explain qualifying assets.
- 15 What are non-profit organizations ?
- 16 Explain depletion method of depreciation.
- 17 What is surrender of shares ?
- 18 What do you mean by bearer debenture ?
- 19 What is diluted EPS ?
- 20 What is prior period errors ?

(8 × 2 = 16 marks)

**Part C (Short Essay Questions)**

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

- 21 State the advantages of accounting standards.
- 22 Discuss the financial reporting process.
- 23 Describe the scope and objective of Ind AS 12.
- 24 Write a short note on statement of changes in equity.
- 25 On 1st January, 2010, a limited company purchased machinery for Rs. 12,000 and on 30<sup>th</sup> June 2011 it acquired additional machinery at a cost of Rs. 2,000. On 31<sup>st</sup> March, 2012 one of the original machines which had cost of Rs. 500 was found to have become obsolete and was sold as scrap for Rs. 50. It was replaced on that date by a new machine costing Rs. 800. Depreciation to be provided at the rate of 15 percent per annum on the written down value. Show machinery account for the first three years.

- 26 From the following, prepare an Income and Expenditure account for the year ending 31st March 2018 :

	Rs.		Rs.
To Balance :-			
Cash at Bank 45,500		By Salaries	3,60,000
Cash in hand 5,500	51,000	“ Rent	60,000
2018 March 31 <sup>st</sup>		“ Printing and Stationery	14,500
To Subscription (including		“ Postage and Telegrams	2,500
Rs.20,000 for 2018-2019)	3,00,000	“ Purchase of Bicycle	9,500
To Interest on investments	1,50,000	“ Purchase of Govt. Bonds	68,000
To Bank interest	1,000	“ Balance :	
To sale proceeds of car	25,000	Cash in Office	1,200
		Cash in Bank	11,300
	5,27,000		5,27,000

- 27 Mr. X the owner of a coffee shop maintains incomplete records of his business. He wants to know the result of the business in 31st Dec. 2018 and for that following information are available :

	1st Jan. 2018	31st Dec. 2018
Cash in hand	3,000	3,500
Bank balance	15,000	16,000
Furniture	2,000	2,000
Stock	10,000	13,000
Creditors	7,000	8,000
Debtors	5,000	6,000

During the year he had withdrawn Rs. 10,000 for his personal use and invested Rs. 5,000 as additional capitals. Calculate his profit on 31st December 2018.

- 28 XYZ Company Ltd. took over assets of Rs. 2,30,000 and liabilities of Rs. 30,000 of PQR Company Ltd. for the purchase consideration of Rs. 2,20,000. The XYZ Company Ltd. paid the purchase consideration issuing debentures of Rs. 100 each at 10% premium. Show the journal entries in the books of the XYZ Company Ltd.

(6 × 4 = 24 marks)

Turn over

**Part D (Essay Questions)***Answer any two questions.**Each question carries 15 marks.*

29. On 31st March 2018 the following trail balance was extracted from the books of Chennai traders :

	Dr.	Cr.
Capital		90,000
Plant and machinery	80,000	
Sales		4,07,000
Purchases	2,60,000	
Returns	6,000	5,750
Opening stock	30,000	
Discount	350	800
Bank charges	75	
Sundry debtors	45,000	
Sundry creditors		25,000
Salaries	26,800	
Manufacturing wages	40,000	
Carriage inwards	750	
Carriage outwards	1,200	
Bad debts provision		525
Rent, rates and taxes	10,000	
Advertisement	2,000	
Cash in hand	900	
Cash at bank	6,000	
Furniture and fittings	20,000	
	5,29,075	5,29,075

Prepare the final accounts for the year ended 31st March, 2018 and balance sheet on that date. The following adjustments are required :

1. Closing stock Rs. 35,000.
2. Depreciation on plant and machinery @ 15% p.a and furniture and fitting @ 10% p.a provided.

3. Bad debts provision to be adjusted to Rs. 500.
4. Interest on capital to allowed at 10% p.a.
5. 15 % of the profits remaining after providing interest on capital is to be carried to General Reserve.

30. From the following particulars, prepare Statement of Profit and Loss Account for the year ending March 2018, as per the revised Schedule VI of the companies act 2013 :

<i>Balances</i>	Rs.	Rs.
Plant and Machinery	1,60,000	
Land	6,74,000	
Depreciation on Plant and Machinery	16,000	
Purchases (Adjusted)	4,00,000	
Closing stock	1,50,000	
Wages	1,20,000	
Sales (Net)		10,00,000
Salaries	80,000	
Bank overdraft		2,00,000
10% debentures (issued on 1st April, 2017)		1,00,000
Equity share capital- shares of Rs. 100 each (fully paid)		2,00,000
Preference share capital- 1,000; 6% shares of Rs. 100 each (fully paid)		1,00,000
	16,00,000	16,00,000

Additional information :

- (i) Equity dividend @ 10% declared on paid up capital.
- (ii) Dividend on the preference share capital paid in full.
- (iii) Rs. 2,00,000 transferred to general reserve.

31. ABC Limited issued a prospectus inviting applications for 6,000 shares of Rs. 10 each at a premium of Rs. 2 per share, payable as follows :

On application Rs. 2 per share; On allotment Rs. 5 per share (including premium) : On 1st call Rs. 3 per share; On Second and Final Call Rs. 2 per share.

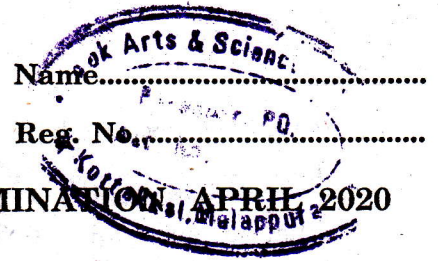
Applications were received for 9,000 shares and allotment was made prorata to the applicants of 7,500 shares, the remaining applicants were refused allotment. Money overpaid on applications were applied towards sums due on allotment.

**Turn over**



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SECOND SEMESTER B.Com./B.B.A. DEGREE EXAMINATION

(CUCBCSS—UG)

B.Com.

BCM 2B 02—FINANCIAL ACCOUNTING

(2014 Admissions)

Time : Three Hours

Maximum : 80 Marks

**Section A**

*Answer all questions.*

1. In which book the transactions are recorded originally :
  - a) Cashbook.
  - b) Balance sheet.
  - c) Journal.
  - d) Subsidiary book.
2. \_\_\_\_\_ deals with the Valuation of inventories.
  - a) AS 4.
  - b) AS 6.
  - c) AS 10.
  - d) AS 2.
3. Statement of affairs is prepared to find out \_\_\_\_\_.
  - a) Profit.
  - b) Loss.
  - c) Capital.
  - d) Drawings.
4. Under the diminishing balance method depreciation \_\_\_\_\_.
  - a) Remain constant every year.
  - b) Increases every year.
  - c) Decreases every year.
  - d) None of them.
5. If the rate of gross profit is 20% on cost of goods sold and the sales is Rs. 1,00,000, the amount of gross profit will be \_\_\_\_\_.
  - a) Rs. 20,000.
  - b) Rs. 25,000.
  - c) Rs. 16,667.
  - d) Rs. 80,000.
6. \_\_\_\_\_ is the amount of cash or other assets withdrawn by the owner for his personal purpose.
7. Cost of installation on machinery purchased is a \_\_\_\_\_ expenditure.

**Turn over**

8. Petty expenses paid by the branch out of petty cash maintained on imprest system are shown on the \_\_\_\_\_ side of the branch account.
9. What do you mean by deferred revenue expenditure ?
10. What is a Memorandum trading account ?

(10 × 1 = 10 marks)

**Section B***Answer any eight questions.*

11. Briefly explain the following :
- Dual aspect concept.
  - Money measurement concepts.
  - Conservatism.
  - Materiality.
12. Distinguish between Reserves and Provisions.
13. Write short note on :
- Receipts and Payments Account.
  - Income and expenditure Account.
14. Briefly explain the following :
- Single entry system.
  - Statement of Affairs.
15. What do you mean by Hire Purchase ? List out its features.
16. List some of the Revenue earning departments in a hotel.
17. From the following data, ascertain the amount of creditors as on 31-12-2018 :
- |  |     |        |
|--|-----|--------|
| Creditors as on 1-1-2018                             | ... | 20,000 |
| Cash paid to Creditors                               | ... | 40,000 |
| Purchases (including credit purchases of Rs. 50,000) | ... | 70,000 |
| Bills Payable issued to Creditors                    | ... | 10,000 |
| Returns outward                                      | ... | 5,000  |
| Discount allowed by creditors                        | ... | 2,000  |

18. Pass necessary journal entries in HO books :

1. Goods sent by HO on March 27 worth Rs. 6,000 to the Calicut branch not received by the branch till March 31.
2. Goods sent by Calicut branch to Kannur Branch for Rs. 9,000 have not yet been recorded.

19. Find out the value of provision for unrealized profit in the case of interdepartmental transfer :

		Dept. A	Dept. B
Goods transferred from Department A	...	—	4,000
Purchases	...	25,000	4,000
Sales	...	26,000	14,500
Closing stock	...	8,000	2,000
Gross profit	...	10,000	6,500

20. A hotel has 126 rooms in all, out of which 12 rooms are used for operational purposes and 4 rooms are occupied by the general manager and the departmental managers. If 88 rooms are occupied by the guests on 24<sup>th</sup> March 2019, calculate the room occupancy rate for the day.

(8 × 2 = 16 marks)

### Section C

Answer any six questions.

21. Distinguish between Single Entry System and Double Entry System.

22. Write short note on :

- |                                |                             |
|--------------------------------|-----------------------------|
| (a) Stock and debtors system.  | (c) Goods in transit.       |
| (b) Branch adjustment account. | (d) Inter branch transfers. |

23. Distinguish Between Hire purchase and Installment system.

24. Following are the extracts from the trial balance of Mr. Krishanan as on 31.03.2018 :

Particulars	Debit Amount	Credit Amount
Sundry Debtors	55,000	
Bad debts	1,500	
Provision for bad debts		2,000

Turn over

Additional information :

- (a) Write off further bad debts Rs. 700.
- (b) Create a provision of 5% for bad debts and a provision of 2% discount on debtors.

Find out the amount of bad debts to be shown on the P and L A/c and the amount of debtors to be shown on the Balance Sheet.

25. Membership subscription received by Royal Sports club during the year 2018 amounted to Rs. 6,350, which is included Rs. 550 received in arrears for the year 2017 and Rs. 900 received in advance for 2019. It is found that Rs. 1,000 has not been received as subscription for the current year and that Rs. 600 was received in advance in 2017 as subscription for 2018. Calculate the income from subscription for the year 2018.
26. The capital of a trader as on 1<sup>st</sup> January 2018 was 25500. His capital at the end of the year on 31<sup>st</sup> December 2018, before taking into account the following adjustments was Rs. 42,000. The adjustments were :
- (a) Additional capital introduced on June 30, 2018 Rs. 12,000.
  - (b) Drawings during the period Rs. 4,500.
  - (c) Depreciation of fixed assets Rs. 1,800.

You are required to ascertain his profit or loss for the year ending December 31<sup>st</sup>, 2018.

27. From the following details prepare Trading and Profit and Loss Account for the year ended 31<sup>st</sup> March 2019 :

Stock on 1 <sup>st</sup> April 2018	...	14,600	Rent paid	...	1,200
Plant and Machinery	...	9,500	Rates paid	...	2,000
Purchases	...	1,03,620	Apprentice premium received	...	800
Sales	...	1,19,060	Bad debts	...	1,720
Purchases returns	...	2,910	Debtors	...	42,000
Sales returns	...	2,100	Bad debts reserve	...	1,050
General expenses	...	4,400			

Additional information :

- (i) Depreciate Plant and Machinery at 10%.
- (ii) Increase bad debts reserve to 5% on Sundry debtors.

- (iii) Rent accrued is Rs. 400.  
 (iv) Rates of Rs. 800 are paid in advance.  
 (v) Stock on hand as on 31<sup>st</sup> March 2019 17,000.  
 (vi) Apprentice premium received in advance is Rs. 200.

28. MGK and Co. of Delhi have a branch at Chennai. Goods are sent by the Head Office at invoice price which is at the profit of 25% on cost price. All expenses of the branch are paid by the head office. From the following particulars, prepare Branch Account in the Head Office books at invoice price.

Opening balance :

Stock at invoice price	...	1,10,000
Debtors	...	17,000
Petty Cash	...	1,000

Goods sent to branch at invoice price ... 2,00,000

Expenses made by head office :

Rent	...	6,000
Wages	...	2,000
Salary	...	9,000

Remittances made to head office :

Cash sales	...	26,500
Cash collected from debtors	...	2,10,000

Goods returned by branch at invoice price ... 4,000

Balances at the end :

Stock at invoice price	...	1,30,000
Debtors	...	20,000
Petty cash	...	250

(6 × 4 = 24 marks)

Turn over

29. Mr. Dharma purchased 2 machines of Rs. 1,05,000 each from Mr. Sharma on Hire Purchase system paying Rs. 60,000 down and remainder in 3 equal installments of Rs. 50,000 each together with interest at 20% p.a. Dharma writes off depreciation at 10% p.a. according to Diminishing Balance method.

Dharma could not pay the second installment. Sharma left one machine with Dharma adjusting the value of the other against amount due taking the machine at 20% depreciation on diminishing balance method. Prepare ledger accounts in the books of Mr. Dharma.

30. Kanpur Head Office supplies goods to its branch at Jamshedpur at invoice price which is cost plus 25%. All cash received by the branch is remitted to Kanpur and all branch expenses are paid by the Head Office. From the following particulars prepare Branch Stock account, Branch Debtors account, Branch Expenses account, Branch Adjustment account in the books of Head Office :

Debtors on 1.1.2018	...	6,000
Debtors on 31.12.2018	...	7,000
Inventory with the Branch at Invoice price on 1.1.2018	...	8,000
Inventory with the Branch at Invoice price on 31.12.2018	...	8,500
Cash sales during the year	...	30,000
Total amount deposited in the HO Account during the year	...	63,500
Return of goods to HO at invoice price	...	2,500
Salaries paid	...	3,000
Rent paid	...	2,000
Discount allowed to customers	...	1,000
Bad debts written-off	...	500
Spoilage	...	1,000

31. Following are the balances obtained from the ledger of Hotel Aaraam on 31<sup>st</sup> March 2018 :

<i>Particulars</i>	<i>Amount Rs.</i>	<i>Particulars</i>	<i>Amount Rs.</i>
Capital	3,00,000	Purchases :	
Freehold premises	2,00,000	- Liquors	30,000
China glass and Plates	20,000	- Cigarettes	2,000
Furniture and Fixtures	50,000	- Provision and Stores	20,000
Drawings	5,000	- Coal	10,000
Wages and Salaries	80,000	Sales :	
Rates and Insurance	25,000	- Food Items	80,000
Laundry Charges	8,000	- Beverages	20,000
Linen and Beddings	20,000	- Liquors	50,000
Electricity Light	13,000	- Cigarettes	3,000
General Expenses	12,000	Rent from rooms	2,00,000
Visitor's Account	10,000	Repairs and Renewals of Premises	20,000
Sundry Creditors	15,000	Depreciation :	
Stock on 1-04-2017		- on Premises	20,000
- Liquors	40,000	- on Furniture	5,000
- Cigarettes	1,000	- on Glass and Plates	2,000
- Provision and Stores	8,000	- Linen and Beddings	3,000
- Coal	2,000	Cash in Hand	10,000
Cash at Bank	52,000		

Adjustments :

(a) Stock on 31-03-2018

- Liquors	...	15,000
- Cigarettes	...	500
- Provision and Stores	...	10,000
- Coal	...	3,000

**Turn over**



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(Pages : 6)

Name.....

Reg. No.....

**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 ?

- 23 Briefly explain the major difference between Ind AS and IFRS.
- 24 'Single entry system is not scientific'. Explain.
- 25 On 1<sup>st</sup> January, 2011, Sun Ltd. purchased machinery for Rs. 12,000 and 30<sup>th</sup> June, 2012 it acquired additional machinery at a cost of Rs. 2,000. On 31<sup>st</sup> March 2013 one of the original machines had cost of Rs. 500 was found to have become obsolete and was sold as scrap for Rs. 50. It was replaced on that date by a new machine costing Rs. 800. Depreciation to be provided at the rate of 15 percent per annum on the written down value. Show Machinery Account for the first three years.
- 26 X Co. Ltd. Forfeited 150 equity shares of Rs. 20 each, issued at a discount of Rs. 2 per share, for non-payment of final call of Rs. 6 per share. Subsequently 100 of these shares were reissued as fully paid at Rs. 15 per share. Show the journal entries relating to the forfeiture and re-issue.
- 27 A Life Assurance Corporation get its valuation made once in every two years. The life assurance Fund on 31<sup>st</sup> March, 2016 amounted to Rs. 51,92,000 before providing for Rs. 42,000 for the shareholders' dividend for the year 2011-12. Its actuarial valuation on 31<sup>st</sup> March, 2016, disclosed net liability of Rs. 50,40,000 under the assurance and annuity contracts. An interim bonus of Rs. 50,000 was paid to the policy holders during the period ending 31<sup>st</sup> March, 2016. Prepare a statement showing the amount available as bonus to policy holders.
- 28 The following transactions of Standard Bank Ltd. pass necessary journal entries and show the treatment in the Profit and Loss Account and Balance Sheet for the year ended 31<sup>st</sup> March 2016.

*The following bills are discounted at 5%*

<i>Discounted on</i>	<i>Amount Rs.</i>	<i>Terms (months)</i>
23.12.2016	1,00,000	3
19.09.2016	2,00,000	4
20.10.2016	8,00,000	3
30.11.2016	60,000	5

(6 × 4 = 24 marks)

Turn over

**Part D (Essay Questions)**

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

- 29 From the following Trial Balances prepared from the books of M/s Sun Agencies on 31<sup>st</sup> March 2015, Prepare Trading and Profit and Loss account and Balance sheet.

	Dr.	Cr.
Capital		12,500
Furniture	640	
Delivery van	6,250	
Building	7,500	
Bad debts	125	
Debtors and creditors	3,800	2,500
Provision for bad debts		200
Opening stock	3,460	
Purchases and sales	5,475	15,450
Bank overdraft		2,850
Returns	200	125
Advertisement	450	
Interest	1,118	
Commission		375
Cash	650	
Tax	250	
General expense	782	
Salary	3,300	
	34,000	34,000

*Additional information :*

- (a) Closing stock on 31<sup>st</sup> March 2015 was valued Rs. 3,250. Goods worth Rs. 500 are reported to have been taken away by the proprietor for his personal use at home.
- (b) Depreciation to be provided on land and building @ 5 % furniture @ 7.5 % Delivery van 18 %.
- (c) Provide provision for doubtful debts @ 5 % of sundry debtors.
- (d) 1/3 Received Commission is related to next year.
- (e) Goods worth Rs. 600 withdrawn by the trader for personal use not recorded in the books.

- 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
Interest on fixed deposits	... 275	Interest on savings bank deposits	... 87
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)

D 43131

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(Pages : 6)

Name.....

Reg. No.....



**SECOND SEMESTER B.Com. DEGREE EXAMINATION, MAY 2018**

(CUCBCSS—UG)

Core Course

BCM 2B 02—FINANCIAL ACCOUNTING

(2014 and 2015 Admissions)

Time : Three Hours

Maximum : 80 Marks

**Part A**

*Answer all questions.*

*Each question carries 1 mark.*

A. Choose the correct answer :

1 A special type of donation which is given as per will is called :

- (a) Honorarium.
- (b) Legacy.
- (c) Ex-gratia payment.
- (d) None of the above.

2 Accumulated depreciation has a :

- (a) Debit balance.
- (b) Credit balance.
- (c) Debit or Credit balance.
- (d) Cash balance.

3 Goods supplied from H.O. less goods received from H.O. represent :

- (a) Goods returned to H.O.
- (b) Goods in transit.
- (c) Profit on goods.
- (d) None of these.

4 How should 'Interest earned but not received' be classified ?

- (a) Accrued liability.
- (b) Unearned revenue.
- (c) Accrued asset.
- (d) Prepaid expense.

5 Goodwill account is a \_\_\_\_\_ account.

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

B. Fill in the blanks :

6 Recurring incomes that a business gets refer to \_\_\_\_\_ receipts.

7 \_\_\_\_\_ assets would denote those that are very easily convertible into cash.

**Turn over**

- 8 In the case of independent branches, the branch account prepared is in the nature of \_\_\_\_\_ account.
- 9 A statement of affairs contains \_\_\_\_\_.
- 10 Stock in trade is valued at \_\_\_\_\_.

(10 × 1 = 10 marks)

**Part B (Short Answer Questions)**

*Answer any eight questions.*

*Each question carries 2 marks.*

- 11 State the need of IFRS.
- 12 What do you mean by Hire Purchase Agreement ?
- 13 What is a dependent branch ?
- 14 How will you treat accommodation provided to a staff ?
- 15 What is the purpose of preparing manufacturing account ?
- 16 What do you mean by partial repossession ?
- 17 What is adjusting entry ?
- 18 What is donation ?
- 19 State the differences between reserves and provisions.
- 20 A five star hotel in Kolkata has 600 rooms in all, out of which 50 rooms are used for operational purposes and 10 rooms are used by the departmental managers. If 450 rooms are occupied by the guest on 1<sup>st</sup> January 2015, calculate the room occupancy rate.

(8 × 2 = 16 marks)

**Part C (Short Essay Questions)**

*Answer any six questions.*

*Each question carries 4 marks.*

- 21 Differentiate between Receipts and Payments account and balance sheet.
- 22 State the features of departmental accounts.
- 23 What are final accounts ? What purpose do they serve ?
- 24 What is hire purchase system ? How it differ from sale ?

- 25 A company as two departments, viz., A and B. Department A sells goods to department B at normal market prices. From the following particulars prepare a Trading and Profit and Loss account of the two departments for the year ended March 31, 2015 :

		Dep. A Rs.	Dep. B Rs.	General Rs.
Opening stock	...	10,000		
Purchases	...	2,30,000	20,000	
Goods from A dep	...		70,000	
Wages	...	10,000	16,000	
Salaries (Departmental)	...	6,800	4,200	
Closing stock at cost to departments	...	50,000	18,000	
Sales	...	2,30,000	1,45,000	
Printing and stationery	...	2,000	1,600	
Machinery	...		12,000	
Advertisement	...			10,000
Salaries (general)	...			18,000

- (a) Depreciate machinery by 10 %.
- (b) The general unallocated expenses are to be apportioned in the ratio of A3 : B2.
- (c) The entire stock of B department represents that received from Department A.
- 26 A tailor purchases a sewing machine on hire purchase system the cash price being Rs. 41,600. Rs 10,000 is paid on the signing of the contract and there after Rs. 7,500 being paid annually for the five years. Interest was charged 6% per annum. Calculate interest for the various years ?
- 27 State how you would deal with the following, as between Capital and Revenue :—
- A motor van costing Rs. 2,40,000 (written down value Rs. 1,20,000) was sold for Rs. 2,60,000.
  - Rs. 10,000 contributed by one of the partners as additional capital.
  - Rs. 20,000 invested in Government securities.
  - Interest received on investment Rs. 1,000.
  - Purchase of patent rights Rs. 7,500.
  - Legal expenses on the purchase of patent rights Rs. 200.
  - Annual fees for renewal of Patent Rs. 500.

28 From the following information calculate Sales and Purchases :—

Opening stock	..	Rs. 20,000
Closing stock	..	Rs. 25,000
Cost of goods sold	..	Rs. 1,05,300
Gross profit ratio	..	25 % on sales

(6 × 4 = 24 marks)

**Part D (Essay Questions)**

*Answer any two questions.*

*Each question carries 15 marks.*

29 Define Accounting Standard ? List out various accounting standards issued by IASC.

30 Following are the balances extracted from the ledger of Samudra Inn on 31<sup>st</sup> March 2014 :

Capital 56,865; Freehold premises 46,800 ;Glass and china 1101; Furniture and Fittings 8,934 ;Linen 840 ;Cutlery and plates 390 ; Rates Taxes and Insurance 1713 ; Salaries 2,400 ; Wages 4,305 ; Laundry 951 ; coal and Gas 2,160 ; Electric Light 1,128 ; General Expenses 1710 ; Visitors Account 1,354 ; Sundry Creditors 2,575.

**Stock on 1-4-2013 :**

Wines 1,239 ; Spirits 378 ; Beers 165; Minerals 147 ; Cigars and Cigarettes 114 ; Sundry Provisions and Stores 183; Coal 150.

**Purchases :**

Meat 3,627 ; Fish and poultry 3,960 ; Sundry Provisions and Stores 5,220 ; Wines 1,881 ; Spirits 2,190 ; Beers 1,152 ; Minerals 1,050 ; Cigars and Cigarettes 240.

**Sales :**

Wines 3,870 ; Spirits 4,335 ; Beers 1,863 ; Minerals 2,160 ; Cigars and Cigarettes 390.

**Charges :**

Meals 23,829 ; Rooms 9,375 ; Fires in bed rooms 582 ; washing charges 219.

**Repairs, Renewals and Depreciations :**

Premises 348 ; Furniture and Fittings 660 ; Glass and china 609 ; Linen 390 ; Cutlery and plates 207.

**Cash Book - Debit Balances :**

Bank 8,148 ; In hand 219.

**Stock on 31-3-2014 :**

Wines 1,197 ; Spirits 333 ; Beers 174 ; Minerals 357 ; Cigars and cigarettes 69 ; Sundry Provisions and stores 141 ; Coal 99.

Prepare Final Accounts for the year ended 31<sup>st</sup> March 2014.31 The following is the Receipt and Payments Account of a Arts Club for the year ended December 31<sup>st</sup>, 2014

<i>Receipts</i>	Rs.	<i>Payments</i>	Rs.
Cash in hand on 1-1-2009	1,500	Bank overdraft on 1-1-2014	3,100
Subscriptions :		Investment in securities	3,000
2013      300		Furniture	1,450
2014   16,200		Salaries	6,200
2015      150	16,650	Stationery and Printing	890
Proceeds from Entertainments	2,000	Cost of entertainments	1,710
Entrance fees	670	Miscellaneous Expenses	1,420
Interest on securities	480	Balances on 31 -12-2014	
Sales proceeds of old chairs	120	Cash in hand           550	
		With bank <u>3,100</u>	3,650
	21,420		21,420

Turn over

You are required to prepare Income and Expenditure account of the society in respect of the year ended December 31, 2014 and a Balance Sheet as at that date having due regard to the following additional facts :—

- (a) The club has 1,800 members each paying an annual subscription of Rs. 10. Subscriptions amounting to Rs. 90 are in arrears of in respect of the year 2013.
- (b) Stock of stationery at December 31, 2013 was Rs. 125 and at December 31, 2014 was Rs. 87.
- (c) Entrance fees are to be capitalized.
- (d) Salaries Rs. 125 for December 2014 is outstanding. Expenses accruing at December 31, 2014 amounted to Rs. 132. The club had paid Rs. 500 in the year 2013 towards telephone charges, of which Rs. 125 pertained to the year 2014.
- (e) At December 31, 2013, Premise stand in the books at Rs. 24,500 and Investments at Rs. 6,500. Depreciate Premises and Furniture by 5%.

(2 × 15 = 30 marks)

**D 43132**

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Name.....

Reg. No.....

**SECOND SEMESTER B.Com. DEGREE EXAMINATION, MAY 2018**

(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 Consumable stores are :

- (a) Inventories. (b) PPE.  
(c) Investment property. (d) Intangible asset.

2 Income received in advance is an \_\_\_\_\_.

- (a) Income. (b) Liability.  
(c) Asset. (d) Loss.

3 Interest on Debenture is \_\_\_\_\_.

- (a) Adjustment of profit. (b) Appropriation of profit.  
(c) Charge on profit. (d) All of the above.

4 The amount set aside to meet the loss of bad debt is \_\_\_\_\_.

- (a) Provision. (b) Liability.  
(c) Reserve. (d) An asset.

5 Specific principles, bases, conventions, rules and practices applied in presenting financial statements are called \_\_\_\_\_.

- (a) Accounting estimates. (b) Accounting policies.  
(c) Prospective application. (d) Retrospective application.

**Turn over**

## II. Fill up the blanks :

- 6 Net profit is transferred to \_\_\_\_\_ account.
- 7 \_\_\_\_\_ is a system of accounting which ignores real and nominal accounts.
- 8 \_\_\_\_\_ is the amount for which an asset could be exchanged between willing parties.
- 9 IASB stands for \_\_\_\_\_.
- 10 Prepaid expense is \_\_\_\_\_ asset.

(10 × 1 = 10 marks)

**Part B (Short Answer Questions)**

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

- 11 What is trading A/c ?
- 12 What is Single Entry System ?
- 13 What is depreciation ?
- 14 What is reserve ?
- 15 What are contingent assets ?
- 16 What is a cash flow statement ?
- 17 What are overheads ?
- 18 Define impairment.
- 19 What is a debenture ?
- 20 What are nominal accounts ?

(8 × 2 = 16 marks)

**Part C (Short Essay Questions)**

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

- 21 Distinguish between direct and indirect methods of cash flow statement.
- 22 Distinguish between provision and contingent liability .

23 Prepare the P/L a/c of M/s. Ram bros. for the year ending 31<sup>st</sup> December 2016 :

		Rs.
Gross profit	-	2,00,000
Salary	-	50,000
Discount Allowed	-	4,000
Bad debts	-	17,000
Discount Received	-	2,000
Printing	-	1,000
Depreciation	-	10,000
Insurance	-	10,000
Carriage Outwards	-	3,000
Interest received	-	6,000
Rent	-	25,000

24 From the following particulars calculate cash from operating activities :

		Rs.
Salary	-	10,000
Rent	-	2,000
Depreciation	-	4,000
Loss on sale of plant	-	2,000
Goodwill written-off	-	8,000
Proposed dividend	-	10,000
Provision for taxation	-	10,000
Profit on sale of land	-	10,000
Income tax refund	-	6,000
Net profit	-	20,000

25 Explain the limitations of single entry systems.

Turn over

26 From the following data ascertain total sales :

	Rs.
Opening balance of debtors ...	24,000
Sales Returns ...	10,000
Cash received from customers ...	90,000
Discount allowed ...	6,000
Bills receivable received ...	34,000
Bad debts ...	3,000
B/R dishonoured ...	7,000
Closing balance of debtors ...	20,000
Cash sales ...	50,000

27 Explain the different categories of share capital.

28 Discuss various methods of depreciation.

(6 × 4 = 24 marks)

#### Part D (Essay Questions)

*Answer any two questions.*

*Each question carries 15 marks.*

29 From the following balances of ABC Co. Ltd., on 31 March 2015, prepare final accounts in the prescribed :

	Rs.
Stock (1-4-2014) ...	75,000
Purchases ...	2,45,000
Sales ...	3,50,000
Wages ...	50,000
P/L account (31-3-2014 ) ...	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 :

- 1 Closing stock Rs. 82,000.
- 2 Depreciation 10% on fixed assets.
- 3 Provision for income tax @ 50%.

30 From the following information extracted from the books of Jain and Co., prepare final accounts for the year ended 31<sup>st</sup> December 2016 :

		Rs.
Purchases	...	90,300
Sales	...	1,37,200
Return Inwards	...	2,200
Opening stock	...	40,000
Drawings	...	5,000
Building	...	30,000
Machinery	...	20,000
Furniture	...	8,000
Debtors	...	25,000

Turn over

Wages	...	3,000
Carriage Inwards	...	2,000
Rent	...	1,500
Bad debts	...	1,000
Cash	...	3,500
Investment	...	10,000
Postages	...	2,500
Insurance	...	2,000
Return outwards	...	1,300
Capital	...	50,000
Creditors	...	24,000
Interest	...	500
Commission	...	3,250
Provision for bad debts	...	750
Bank over draft	...	40,000
Salaries	...	11,000

Adjustments :

- 1) Closing stock Rs. 65,000.
  - 2) Goods worth Rs. 800 for his personal use of the proprietor.
  - 3) Rs. 400 of insurance paid is nothing but advance payment.
  - 4) Salary Rs. 1,000 for the month of December has not yet paid.
  - 5) Depreciation : Building 2% p.a. ; Machinery 10% p.a ; Furniture 15 % p.a
  - 6) Maintain provision for doubtful debts @5 % on sundry debtors.
- 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)

**D 43133**

(Pages : 6)

Name.....

Reg. No.....

**SECOND SEMESTER B.Com. DEGREE EXAMINATION, MAY 2018.**

(CUCBCSS—UG)

Core Course

**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 Revenue is recognized before cash is received in the case of \_\_\_\_\_.

- (a) Deferred revenue. (b) Accrued revenue.  
(c) Capitalized value. (d) None of these.

2 Goods sent as free sample is debited in \_\_\_\_\_ accounts.

- (a) Capital. (b) Advertisement.  
(c) Drawings. (d) Trading.

3 Unclaimed dividend shown in \_\_\_\_\_.

- (a) Profit and Loss Account.  
(b) Profit and Loss appropriation Account.  
(c) Balance Sheet.  
(d) None of these.

4 Statement of affairs is prepared to find out \_\_\_\_\_.

- (a) Profit. (b) Loss.  
(c) Capital. (d) Drawings.

5 Under the diminishing balance method depreciation it :

- (a) Increases every year. (b) Decreases every year.  
(c) Remain constant every year. (d) None of them.

(B) Fill in the blanks :

6 \_\_\_\_\_ an annual payment which a life insurance company guarantees to pay for a lump sum money received in the beginning.

**Turn over**

- 7 \_\_\_\_\_ liability is a liability which may or may not arise in future.
- 8 \_\_\_\_\_ is a bonus which is paid by the insurance company along with the maturity value of the policy.
- 9 FASB is based in \_\_\_\_\_.
- 10 Cost of goods sold plus closing stock minus opening stock will be equal to \_\_\_\_\_.

(10 × 1 = 10 marks)

### Part B (Short Answer Questions)

*Answer any eight questions.*

*Each question carries 2 marks.*

- 11 Define financial elements.
- 12 What do you mean by SLR ?
- 13 What is surrender value ?
- 14 Explain NPA.
- 15 What do you mean by incomplete records ?
- 16 State the meaning of calls in arrears.
- 17 What is Sweat equity ?
- 18 What do you mean by scrip dividend ?
- 19 What is revaluation method of depreciation ?
- 20 What is substandard assets ?

(8 × 2 = 16 marks)

### Part C (Short Essay Questions)

*Answer any six questions.*

*Each question carries 4 marks.*

- 21 State the benefits of accounting standards.
- 22 Explain the role of IASB in development of IFRS.
- 23 Discuss the benefits of convergence with IFRS.
- 24 Explain the method followed for arriving at profit in the life insurance business.

25 On 1<sup>st</sup> April, 2010, Saturn Ltd. purchased a plant for ₹10,00,000. On 1<sup>st</sup> October 2010, an additional plant was purchased costing ₹ 5,00,000. On 1<sup>st</sup> October, 2011, the plant purchased on 1<sup>st</sup> April 2010 was sold off for ₹ 4,00,000. On 1<sup>st</sup> October, 2012, a new plant was purchased for ₹ 12,00,000 and plant purchased on 1<sup>st</sup> October, 2010 was sold for ₹ 4,20,000 on the same date. Depreciation to be provided at the rate of 10 percent per annum on the written down value on 31<sup>st</sup> March every year. Prepare Plant Account for three years ended 31<sup>st</sup> March, 2013.

26 From the following financial data calculate Basic EPS and Diluted EPS Sun Pharma Ltd.:

	Rs.
Net profit for current year	... 85,50,000
No. of equity shares	... 40,00,000
Number of 6 % convertible debentures of Rs. 100 each.	... 1,00,000
Each debenture is convertible into 10 equity shares Interest expense for the current year	... 6,00,000
Tax relating to interest expense	40 %

27 On 31<sup>st</sup> March 2015 Vijay Bank Ltd. finds its advances classified as follows :

<i>Particulars</i>	<i>Amount :</i>
	(Rs.'000)
Standard Assets	... 7,45,650
Sub-standard Assets	... 46,400
Doubtful Assets (Fully Secured)	
Upto one year	... 12,830
One year to three years	... 7,820
More than three years	... 3,290
Loss Assets	... 5,175

Calculate the amount of Provision to be made by the bank against the above mentioned Advances. Assume that a provision of 0.50 % is required on Standard Assets.

28 Y Ltd. forfeited 400 shares of ₹ 10 each (issued at a premium of ₹ 2 per share, which was included in the allotment amount) for the non-payment of first and final calls of ₹ 2 and ₹ 2 respectively. Half of these share were re-issued as fully paid at ₹ 11 per share. Show the journal entries.

(6 × 4 = 24 marks)

Turn over

**Part D (Essay Questions)***Answer any two questions.**Each question carries 15 marks.*

29. From the following Trial Balances prepared from the books of M/s. Sun Agencies on 31<sup>st</sup> March 2015, prepare Trading and Profit and Loss account and Balance Sheet.

	Dr. Rs.	Cr Rs.
Purchases ...	2, 20,000	
Opening stock ...	30,000	
Goods sent as Gratis ...	3,000	
Freight and duty ...	12,000	
Sales		3,30,000
Debtors and creditors ...	32,000	20,000
Drawings ...	8,000	
Interest on capital ...	2,000	
Advertisement ...	5,000	
Goodwill ...	10,000	
Travelling expense ...	300	
Bank overdraft ...		3,250
Horses and cart ...	2,600	
Bills receivable and payable ...	1,200	2,100
Depreciation on furniture ...	150	
Interest on overdraft ...	200	
Office expenses ...	1,500	
Plant and machinery ...	61,900	
Capital ...		40,000
	3,95,350	3,95,350

- (a) Closing stock on 31<sup>st</sup> March 2015 was valued Rs. 2,000.  
 (b) Goods sent as gratis to be recorded amount to Rs. 500.  
 (c) Bad debts written off 2,000 and provision of 5 % is required for doubtful debts.  
 (d) Closing stock includes goods of the cost of Rs. 3,000 bought on 29<sup>th</sup> March 2015., for which invoice is not received and hence not recorded in the book.  
 (e) 10 % net profit be carried to general reserve.

30 Mr. Y keeps his books on single entry system. He gives you the following information :—

	31 <sup>st</sup> December 2015	31 <sup>st</sup> December 2016
Furniture	5,000	6,000
Stock of materials	3,000	1,000
Sundry debtors	6,000	7,000
Sundry creditor	2,000	-
Prepaid expenses	-	200
Unpaid expenses	600	1,000
Cash in hand	1,100	300

Receipts and payments during the year :

Receipts from debtors Rs. 21,000. paid to creditors Rs. 10,000 cartage Rs. 2,000. Drawings Rs. 12,000, sundry expenses Rs. 16,000 furniture purchased for cash Rs. 1,000.

Prepare trading and profit and loss account for the year ended December 31<sup>st</sup> 2016 and Balance Sheet after providing for bad debts at 10 % there was a considerable amount of cash sales.

31 From the following Ledger balances of Chennai Bank Limited as on the March 2015 prepare the Profit and Loss Account for same period :—

	Rs. ('000)	Rs. ('000)
Fixed Deposits	325	Share capital :
Saving Deposits	1,775	5,000 Equity Shares of Rs. 100 each
Current Accounts	3,875	Rs. 50 paid
Money at Call and Short Notice	240	Statutory Reserve
Investments	1,550	Profit and Loss Account
		(Cr.) on 1.4.2014
Interest accrued and paid	100	Bills payable
Payment to Employees	40	Unclaimed Dividend
Rent, Taxes and Lighting	10	Sundry Creditors
General Expenses	5	Bills for Collection
Dividend for 2015-16	25	Acceptances on behalf of Customers

Turn over

	Rs. ('000)	Rs. ('000)
Premises (after Rs. 50,000)		Non-Banking Assets .. 120
Depreciation up to 31.3.2015 ..	600	Bills Discounted and Purchased .. 250
Cash in hand ..	75	Loans, Overdrafts and Cash Credits ..3,500
Cash at Reserve Bank ..	705	Interest and Discount .. 325
Cash at other Banks ..	520	
Borrowed from Banks ..	280	

Rebate on Bills Discounted amounted to Rs. 2,500. Allow 50 % Depreciation on premises at original cost. Provide Rs. 25,000 for Doubtful Debts.

(2 × 15 = 30 marks)

**SECOND SEMESTER B.Com. DEGREE EXAMINATION, MAY 2017**

(CUCBCSS—UG)

Core Course

BCM 2B 02—FINANCIAL ACCOUNTING

(2014 and 2015 Admissions)

Time : Three Hours

Maximum : 80 Marks

**Part A***Answer all questions.**Each question carries 1 mark.***I. Choose the correct answer :**

1. Under stock and debtor system, loading in closing stock is debited in :

- (a) Stock Account. (b) Debtor Account.  
(c) Branch Adjustment Account. (d) Trading Account.

2. Balance sheet is prepared to show :

- (a) Capital. (b) Net Profit.  
(c) Net Liability. (d) Financial Position.

3. Purchase book is maintained to record :

- (a) Purchase of goods. (b) All cash purchases.  
(c) All credit purchases. (d) None of these.

4. Financial accounting does not record the efficiency of employees because of :

- (a) Maturity concept. (b) Money Measurement concept.  
(c) Cost concept. (d) Accrual concept.

5. When goods are transferred from one department to the other, the debit is given to the :

- (a) Transferee department. (b) Transferor department.  
(c) Head office. (d) None of these.

**II. Fill in the blanks :**

6. Journal is a book of \_\_\_\_\_.

7. Excess of income over expenditure in non trading concern represents \_\_\_\_\_.

8. \_\_\_\_\_ expenses is shown in the Profit Loss Account.

**Turn over**

9. Under \_\_\_\_\_ system, the hire vendor has a right to take back the goods.
10. Accounting standard 2 deals with \_\_\_\_\_.

(10 × 1 = 10 marks)

**Part B (Short Answer Questions)**

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

11. Define accounting standards.
12. What is non-profit organisation ?
13. What is matching concept ?
14. What is single entry system ?
15. What is contingent asset ?
16. What is Cash price ?
17. State the main methods of accounting for dependent branch.
18. What is room rate ?
19. What is capital expenditure ?
20. State any *two* objectives of accounting.

(8 × 2 = 16 marks)

**Part C (Short Essay Questions)**

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

21. Distinguish between hire purchase and sale.
22. What is meant by accounting from incomplete records ? Explain its features.
23. What are the objectives and functions of ASB in India ?
24. What are the differences between receipt and payment account and income and expenditure account ?
25. Mixed goods were purchased for Rs. 1,00,000 and later they were assorted into three categories X, Y, Z as follows :

X 1000—Selling price Rs. 20 each.

Y 2000—Selling price Rs. 22.50 each.

Z 2400— Selling price Rs. 25 each.

All categories yield same rate of profit. Calculate the purchase price of each category.

26. Show the treatment of following items by preparing profit and loss account and balance sheet.

*Trial Balance*

	Dr.	Cr.
Sundry debtors	... 20,000	
Bad debts	... 8,00	
Reserve for bad and doubtful debts	...	2,900

Adjustments :

- (a) Write-off further bad debts Rs. 1,000
  - (b) Create provision for bad and doubtful debts @ 5 % of debtors.
  - (c) Also create provision for discount on debtors @ 2 % on debtors.
27. A hotel has 179 rooms in all, out of which 15 rooms are used for operational purposes and 4 rooms are occupied by the general manager and the departmental managers. If 136 rooms are occupied by the guests on 24<sup>th</sup> March 2015, calculate the room occupancy rate for the day.
28. Chennai traders opened a branch at Kolkata on 1<sup>st</sup> Jan. 2015. Following information is available in respect of the branch for the year 2015.

	Rs.		Rs.
Goods sent to branch	... 75,000	Cash remittance to branch	
Cash sales at the branch	... 50,000	towards petty cash	... 6,000
Credit sales at the branch	... 60,000	Petty cash at branch on	
Salaries of the branch staff		31-12-2015	... 500
paid by head office	... 15,000	Debtors at branch on	
Office expenses of the branch		31-12-2015	... 5,000
paid by the head office	... 12,000	Stock at the branch on	
		31-12-2015	... 27,000

Prepare Branch account to show the profit/loss from the branch for the year 2015.

(6 × 4 = 24 marks)

Turn over

**Part D (Essay Questions)**

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

29. From the following particulars extracted from the books of a firm which runs two departments :

	<i>Dept I</i>	<i>Dept II</i>	<i>General</i>
Opening stock :			
Materials	... 7,000	5,000	
Finished goods	... 18,000	15,000	
Purchases	... 2,30,000	1,90,000	
Purchase returns	... 2,000	1,000	
Manufacturing expenses	... 1,80,000	1,60,000	
Office salaries	... 35,000	32,000	
Sales	... 6,33,000	4,92,000	
Sales returns	... 3,000	2,000	
Sundry debtors	...		1,90,000
Sundry creditors	...		1,73,000
Plant and Machinery	...		2,40,000
Leaseholds	...		80,000
Buildings	...		1,20,000
Furniture	...		48,000
Office and Selling expenses	...		1,28,000
Cash in hand and at bank on 31-3-2014	...		1,18,000
Capital	...		2,50,000

Plant and Machinery is to be depreciated by 10 %: Building by 2 %: Furniture by 5 %: Leaseholds are to be written off by Rs. 8,000.

The stocks at the end were:

Materials	:	Dept I—Rs. 6,000	Dept II—Rs. 6,000
Finished goods	:	Dept I—Rs. 20,000	Dept II—Rs. 18,000

All unallocated expenditure is to be distributed in the ratio of the net sales of each department.

Prepare in a columnar form Trading and Profit and Loss Account of the *two* departments and Balance Sheet of the combined business as a whole as on 31 -3-2014.

30. From the following Trial Balance of Mr. Victor as on 31<sup>st</sup> March 2014, prepare a Trading and Profit and Loss Account and Balance Sheet taking into account the adjustments :

<i>Debit Balances</i>		<i>Amount</i>	<i>Credit Balances</i>		<i>Amount</i>
		<i>Rs.</i>			<i>Rs.</i>
Building	...	62,000	Capital	...	62,000
Patents	...	7,500	Sales	...	98,780
Stock 1-4-2009	...	5,760	Returns outwards	...	500
Debtors	...	14,500	Creditors	...	6,300
Purchases	...	40,675	Bills payable	...	9,000
Cash at bank	...	3,170			
Returns inwards	...	680			
Wages	...	13,210			
Carriage on purchases	...	2,040			
Salaries	...	21,800			
Drawings	...	5,245			
		<u>1,76,580</u>			<u>1,76,580</u>

Adjustments :

- Stock on 31-3-2014 was Rs. 6,800.
  - Salary outstanding Rs. 1,500.
  - Depreciate Patents at 20 %.
  - Create a provision of 2 % on debtors for bad debts.
31. Following is the Receipt and Payment account of Delhi Football Association for the first year ending 31<sup>st</sup> December, 2014.

<i>Receipts</i>		<i>Amount</i>	<i>Payments</i>		<i>Amount</i>
		<i>Rs.</i>			<i>Rs.</i>
To Donations (specific)	...	50,000	By Pavilion offices (constructed)	...	40,000
Reserve Fund (Life member fees and entrance fees received)	...	4,000	Expenses in connection with match	...	900
Receipts from football matches	...	8,000	Furniture	...	2,100
Subscription	...	5,200	Investment at cost	...	16,000
Locker rent	...	50	Salaries	...	1,800
Interest on securities	...	240	Wages	...	600
Sundries	...	350	Insurance	...	350
			Telephone	...	250
			Electricity	...	110
			Sundry Expenses	...	210
			Balance on hand	...	5,520
		<u>67,840</u>			<u>67,840</u>

Turn over

- (i) Subscription outstanding for 2014 is—Rs. 250.
- (ii) Salaries unpaid for 2009 are—Rs. 170.
- (iii) Wages unpaid for 2009 are—Rs. 90.
- (iv) Outstanding bills for sundry expenses are—Rs. 40.
- (v) Donation received has to be capitalized.

Prepare from the details given above, an Income and Expenditure Account for the year ended 31-12-2014 and the balance sheet of the association as on 31<sup>st</sup> December 2014.

(2 × 15 = 30 marks)

**C 24702**

**(Pages : 6)**

**Name.....**

**Reg. No.....**

**SECOND SEMESTER B.B.A. DEGREE EXAMINATION, MAY 2017**

**(CUCBCSS—UG)**

**Core Course**

**BBA II B 02—FINANCIAL ACCOUNTING**

**Time : Three Hours**

**Maximum : 80 Marks**

**Part A**

**I. Objective Type Questions. Answer all *ten* questions :**

**(A) Fill in the blanks :**

- 1 Accounting concepts may be considered as \_\_\_\_\_ upon which the science of accounting is based.
- 2 Salary paid is an example of \_\_\_\_\_.
- 3 Under instalment system the risk of loss is borne by \_\_\_\_\_.
- 4 Department accounts are prepared to know separately the \_\_\_\_\_ of each department.
- 5 Sales - purchase-operating expenses is equal to \_\_\_\_\_.

**(B) State whether the following statements are True or False :**

- 6 Capital = Net Assets.
- 7 The bad debts previously written-off, if recovered subsequently are credited to debtor account.
- 8 There is a difference between instalment purchase and credit sale.
- 9 An example of an intangible asset is goodwill.
- 10 Profit and loss account shows the financial position of the business.

**(10 × 1 = 10 marks)**

**Turn over**

**Part B**

II. Short Answer Type Questions. Answer any *eight* questions from ten in two or three sentences each :

- 11 What is Business entity concept ?
- 12 What is deferred revenue expenditure ?
- 13 What is net hire purchase price ?
- 14 Give two advantages of preparing departmental accounts.
- 15 What is balance sheet ?
- 16 What is accounting concepts ?
- 17 What is meant by financial statements ?
- 18 Write short notes on the following :
  - (a) Instalment.
  - (b) Net hire purchase charges.
- 19 State any two objectives of branch accounts.
- 20 What is a journal ?

(8 × 2 = 16 marks)

**Part C**

III. Short Essay or Paragraph questions. Answer any *six* questions from Eight in 150 to 200 words :

- 21 Briefly describe the objectives of accounting.
- 22 What are the objectives of departmental accounts ?

- 23 A head office at Cochin invoices goods to its Branch at Chennai at cost plus 25%. The branch also makes its independent purchases from outside for which payments are made by head office. All expenses are paid by the head office and all cash collections made by the branch are remitted to head office every day.

From the following particulars prepare the Chennai branch account as they would appear in the books of Cochin head office for the year ended 31<sup>st</sup> March, 2013 :

		Rs.
01-04-2012		
Sundry debtors	...	10,000
Stock : Head Office goods	...	12,000
Outside goods	...	15,000
31-03-2013		
Goods sent to branch	...	80,000
Bad debts	...	1,000
Discount allowed	...	3,000
Return inwards	...	12,000
Cash received from customers	...	90,000
Branch expenses	...	18,000
Cash sales	...	30,000
Total Sales	...	1,50,000
Purchases from outside	...	45,000
Stock : Head Office goods	...	16,000
Outside goods	...	20,000

- 24 The following are the Ledger account balances of Mr. C for the year ending 31-03-2015. Prepare a Trading account relating to the year 2015 :

		Rs.
Opening stock	...	38,000
Purchases	...	60,000
Sales	...	1,25,000
Wages	...	15,000
Carriage inwards	...	1,750
Sales returns	...	2,000
Purchase returns	...	1,250
Carriage outwards	...	1,000

His closing stock was valued at Rs. 40, 000.

**Turn over**

25 On 1<sup>st</sup> January 2014 Raju purchased a machine from Kusum on hire purchase basis. The particulars are as follows :

- (a) Cash Purchase Rs. 5,000.
- (b) Rs. 2,000 to be paid on signing the contract.
- (c) Balance in three instalments of Rs. 1,000 plus interest.
- (d) Interest charged on outstanding balance at 5%.
- (e) Depreciation at 10% p.a. on Written down value method.

Prepare Kusum's Account in the books of purchaser.

26 Prepare a Trial Balance from the following balances :

<i>Particulars</i>	Rs.
Capital	1,42,500
Stock	27,000
Premises	36,000
Purchases	84,000
Sales	1,26,000
Purchase returns	1,650
Sales returns	1,350
Wages	3,000
Carriage inwards	1,350
Salaries	2,100
Bills Receivable	28,500
General expenses	1,500
Discount paid	1,200
Drawings	2,400
Sundry debtors	15,450
Cash at bank	50,070
Insurance	1,080
Commission Received	900
Bills payable	22,500
Creditors	6,450
Furniture	6,000
Plant and machinery	39,000

27 A portion of the Trial Balance as on 31<sup>st</sup> December 2015 is as follows :

Sundry Debtors (Dr.)	Rs. 60,000
Bad debts (Dr.)	Rs. 2,000

It is estimated that 10% of sundry debtors is doubtful of recovery and is to be provided for.

Show how they appear in the Profit and Loss account and Balance Sheet.

28. What are the main types of branches from the accounting point of view ?

(6 × 4 = 24 marks)

### Part D

IV. Essay Questions. Answer any *two* questions in 600 to 800 words each :

- 29 X purchased a car from Y costing Rs.75,000 on hire purchase system. Payment was to be made Rs. 15,000 down and remainder in 3 equal annual instalments together with interest at 5% p.a. X provides depreciation at 20% p.a. on diminishing balance basis. X paid the first instalment at the end of the first year but could not pay the next. Y took possession of the car. He spends Rs. 2,900 on the car and sold it for Rs. 40,000. Show the necessary ledger accounts in the books of both the parties.
- 30 M/s Bharath Enterprises Ltd. invoices goods to their various branches at cost, and the branches sell on credit as well as for cash. From the following details relating to Bangalore Branch, prepare necessary accounts in the books of head office :

	Rs.		Rs.
Stock on 1 <sup>st</sup> January, 2006	15,000	Return from customers	600
Stock on 31 <sup>st</sup> December, 2006	14,000	Bad debts written-off	500
Debtors on 1 <sup>st</sup> January, 2006	25,000	Discount allowed to customers	2,000
Debtors on 31 <sup>st</sup> December, 2006	35,000	Remittance from branch	70,000
Cash at branch on 1 <sup>st</sup> Jan. 2006	500	Rent and Taxes	15,000
Cash sent to branch	1,500	Wages and salaries	5,000
Goods Sent to branch	50,000	General Trade Charges	1,500
Goods returned by branch	500	Normal loss of goods due to wastage	1,000
Cash sales	32,000	Abnormal loss of goods due to pilferage	2,000
Credit sales	58,000		
Allowances to customers	300		

Turn over

- 31 From the following particulars, prepare Trading and Profit and Loss account and a Balance Sheet as on 31<sup>st</sup> March, 2005 :

<i>Debit Balances</i>		<i>Credit Balances</i>	
	Rs.		Rs.
Opening stock ..	11,000	Capital ..	25,000
Purchases ..	60,000	Wages outstanding ..	2,000
Salaries ..	7,500	Sales ..	94,000
General expenses ..	1,600	Creditors ..	5,500
Wages ..	13,000	Returns ..	500
Sundry expenses ..	200		
Insurance ..	350		
General expenses			
paid in advance ..	1,500		
Rent ..	800		
Debtors ..	10,000		
Cash in hand :	2,050		
Machinery ..	15,000		
Drawings ..	3,000		
Returns ..	1,000		
	1,27,000		1,27,000

Adjustments :

- (1) Closing stock Rs. 16,500.
- (2) Insurance prepaid Rs. 50.
- (3) Rent Prepaid Rs. 100.
- (4) Salaries outstanding Rs. 500.

(2 × 15 = 30 marks)

C 24700

(Pages : 6)

Name.....

Reg. No.....

**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 over**

- 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 <sup>st</sup> December 2014	31 <sup>st</sup> 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 expences	1,000	1,200
Prepaid expences	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 31<sup>st</sup> 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 31<sup>st</sup> 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	<u>8,500</u>	... 9,900	Due from members for	
Subscription in advance	560		subscription	... 3,000
Club fund	<u>1,40,000</u>	... 1,40,560	Investments	... 52,000
			Building	... 60,000
			Furniture	... 24,000
			Stock of food	... 900
			Stock of sports material	... 260
		<u>1,50,460</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	<u>8,000</u>	... 10,000	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	<u>2,000</u>	... 25,000		
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)

**C 5573**

(Pages : 6)

Name.....

Reg. No.....

**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 cost plus 60%. From the following details find out the profit or loss made in the department.

1-1-2013 :

	Rs.
Goods out on hire purchase (at H.P.price) ...	16,000
Installments due ...	1,000
Goods sold on hire purchase during the year (at H.P.price) ...	80,000
Cash received during the year ...	56,000
Goods received back (H.P. Installments unpaid Rs. 2,000) ...	300

31-12-2013 :

Goods with hire purchase customers (at H.P.price) ...	36,000
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(6 × 4 = 24 marks)

### Part D (Essay Questions)

Answer any two questions.  
Each question carries 15 marks.

- 29 Sajan keeps his books of account under single entry system. On 31<sup>st</sup> March 2014 his statement of affairs stood as follows :

<i>Liabilities</i>	Rs.	<i>Assets</i>	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 31<sup>st</sup> March 2014.

<i>Receipts</i>	Rs.	<i>Payments</i>	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 1<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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

Turn over

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

- On 1-1-2015, Machinery worth Rs. 5,000 was sold for Rs. 4,000 and credited to machinery account.
- Wages include Rs. 1,000 paid for machinery erection charges.
- Purchase includes cost of Moped Scooter for Rs 5,000.
- Proprietor has taken goods costing Rs. 1,000 for which no entry has been made.
- Sundry debtors include Rs. 500 which has become bad.
- Provide 10% reserve for bad debts.
- Electricity outstands Rs. 50.
- Goods costing Rs. 5,000 were destroyed by fire, and insurance claim was received for Rs. 4000.
- Provide depreciation at 10% on machinery, furniture and moped scooter.
- Provide depreciation at 5% on buildings.
- 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 <sup>st</sup> 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)