

**B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, OCTOBER 2016****Third Semester****Core Course VIII—FINANCIAL ACCOUNTING**

(Common for Model I, Model II and UGC Sponsored B.Com. Degree Programmes)

(2013 Admission onwards)

Time : Three Hours

Maximum : 80 Marks

**Part A (Short Answer Questions)**

*Answer all questions.*

*Each question carries 1 mark.*

1. What is deferred revenue expenditure ?
2. Explain the Accounting Standard 2.
3. What is Statement of affairs ?
4. What is Cash in transit ?
5. What is Short Working ?
6. What is abnormal loss ?
7. What are Fictitious assets ?
8. Define Royalty.
9. What is Over-riding commission ?
10. What is an Independent branch ?

(10 × 1 = 10)

**Part B (Brief Answer Questions)**

*Answer any eight questions.*

*Each question carries 2 marks.*

11. Distinguish between single entry and double entry system.
12. Give journal entries to rectify the following errors :—
  - (a) Sale of old furniture Rs. 1,000 credited to sales account.
  - (b) Cash Rs. 580 paid to Satheesh recorded as Rs. 850.

Turn over

13. Give adjusting entries for :
- (a) Provision for discount of creditors.
  - (b) Interest on drawings.
14. From the following, calculate profit or loss during the year
- Capital at the beginning Rs. 35,000.
  - Capital at the end Rs. 40,000.
  - Drawings during the period Rs. 1,800.
  - Addition to capital during the year Rs. 4,500.
15. What is the reason for the incompleteness in record ?
16. Calculate cost of goods sold and gross profit :
- Opening stock Rs. 30,000, Purchase Rs. 55,000, Direct expenses Rs. 2,500, Sales Rs. 1,20,000,
  - Closing stock Rs. 20,000.
17. How does Statement of affairs differ from a Balance Sheet ?
18. On 31<sup>st</sup> March 2014, Head Office Account in Delhi Branch book shows a credit balance of Rs. 30,000. On the same day, Delhi Branch Account in Head Office book shows a debit balance of Rs. 38,000. On verifying the books it is found that goods sent by head office to the branch but not received by the branch before the closing date amounted to Rs. 5,000. Show, how the adjusting entries will appear in the books of head office and branch.
19. What is recouping of short workings ?
20. What do you mean by Grouping and Marshalling of assets and liabilities ?
21. What is error of omission ?
22. What are the objectives of branch accounting ?

(8 × 2 = 16)

### Part C (Short Essays)

*Answer any six questions.*

*Each question carries 4 marks.*

23. Mr. X had a capital of 20,000 at the beginning of the year. At the end of the year he had Cash in Hand 6,000, Cash at Bank 4,000, Debtors 16,000, Stock 10,000, Machinery 5,000 and creditors 8,000.

During the year he withdrew Rs. 300 per month for personal purpose and bought in Rs. 1,100 during the year for additional capital. Calculate the profit made by Mr. X.

24. Nath brothers of Kashmir have a branch at Jaipur. The following are the transactions between the branch and the head office for the year ended 31-03-2012 :—

	Rs.
Stock at branch at the beginning of the year	... 22,500
Goods sent to branch during the year	... 1,00,000
Petty cash balance at the beginning of the year	... 100
Remittance to branch for :	

	Rs.
Insurance	... 4,000
Rent and rates	... 3,000
Salary	... 2,000
Petty Cash	... 150

	Rs.
Cash remittance by branch (cash sales)	... 1,45,000
Stock at branch at the end	... 30,000
Petty cash balance at the end	... 60

Give Journal Entries and important Ledger accounts in the books of the Head Office.

25. A fire occurred in the premises of Deepak on 16-03-2011 and goods of the cost of Rs. 5,28,000 were lost for which insurance company admitted a claim of Rs. 3,90,000 on 24-03-2011. Give journal entries and goods lost by fire account in the book of Deepak. Accounts are closed on 31<sup>st</sup> March.
26. What is single entry system ? How do you convert single entry to double entry ?
27. Define accounting standards. What are its objectives ?
28. On 1-1-2010, Mr. Das took on lease a coal field from Mr. Andrews on a royalty of Rs. 9 per tonne of coal raised with a minimum rent of Rs. 18,000 per annum. The following were the results of working of Mr. Das., for the first three years :

Year	:	2010	2011	2012
Production in tonnes	:	1,500	1,700	2,000

Give journal entries and ledger accounts in the books of Mr. Das. Assuming that there is no provision to recover short working during subsequent years.

Turn over

29. MG traders, of Goa consigned goods of the cost of Rs. 80,000 to MC Agencies, Panjab. The consignor paid freight Rs. 2,500 and insurance 350. The consignee took delivery of the consignment and sold some of the goods for 1,00,000. They spent Rs. 1,000 for sales expenses. They are to get a commission of 5 % on sales. The unsold goods with the consignee is valued at 6,000. Give ledger accounts in the books of MG Traders and MC Agencies.
30. What do you mean by accounting conventions of principles ? Explain different accounting principles.
31. Define Consignment. What are the features of consignment business ?

(6 × 4 = 24)

### Part D (Essays)

*Answer any two questions.*

*Each question carries 15 marks.*

32. The following is the trial balance of ABC garments as on 31-03-2013 :

<i>Particulars</i>	<i>Dr. Rs.</i>	<i>Particulars</i>	<i>Cr. Rs.</i>
Opening Stock	... 18,000	Sales	... 1 80,000
Purchase	... 1,23,000	Creditors	... 16,500
Royalty	... 7,500	Bills payable	... 12,000
Customs duty	... 12,000	Interest	... 1,200
Debtors	... 33,000	Rent	... 4,800
Bills receivable	... 15,000	Capital	... 85,500
Bad debts	... 3,000		
Carriage inwards	... 1,500		
Telephone charges	... 3,000		
Printing and stationery	... 750		
Investments	... 9,000		
Land and building	... 60,000		
Income tax	... 4,500		
Cash	... 2,250		
Furniture	... 7,500		
	<hr/> 3,00,000 <hr/>		<hr/> 3,00,000 <hr/>

**Adjustments :**

- (a) Closing stock is valued at 19,300.
- (b) Carriage on purchase outstanding amounts to 450.
- (c) Rent received in advance amounts to 250.
- (d) Interest receivable amounts to 150.
- (e) Depreciation at 10 % is required on furniture and at 5 % on land and building.
- (f) Printing and Stationery in stock 150.

Prepare trading and profit and loss account for the year ended 31-3-2013, and a balance sheet as on the date.

33. On 1-1-2014 Mr. Joy started business with 50,000. On the same day he purchased machinery for 8,000. The following were his transaction for the year 2014 :

		Rs.
Total purchase (cash purchase 60,000)	...	1,00,000
Total sales (Cash sales 85,000)	...	1,40,000
Carriage paid	...	6,000
Salary paid	...	5,000
Insurance paid	...	3,000
Drawings	...	4,000

On 31-12-2015 stock of goods was valued at 15,000. Debtors and creditors were 12,000 and 10,000 respectively. Carriage outstanding Rs. 700. Depreciation of machinery @ 10 % is required.

Prepare Trading and Profit and Loss Account for the year ended 31-3-2015 and balance sheet as on that date.

34. Jain wrote a book on Auditing and got it published with Gayathri publications on the terms that royalties will be paid Rs. 3 per copy sold merging into a minimum rent of Rs. 6,000 p.a. and with a right to recoupment of short workings over the subsequent two years of the year of short working. The following is supplied :

Year	No. copies printed	No. of complimentary copies given	Closing Stock
2005 ...	2,500	400	500
2006 ...	2,100	300	450
2007 ...	2,700	150	750
2008 ...	3,000	100	500

Prepare important accounts in the books of Gayathri publications.

Turn over

35. A-mart consigned 100 fridges to Bigmall, Rajasthan Rs. 8,000 per unit. A-mart paid packing and forwarding charges Rs. 10,000. 10 fridges were lost by theft in transit and Bigmall took delivery of the balance after accepting a bill for Rs. 4,00,000 drawn against the consignment. The bill was met on the due date. The consignee sold 70 units at Rs. 11,000 for which a commission of 5 % plus 1 % delcredere was payable.

The expenses of Bigmall were duty and clearing charges Rs. 18,000 freight Rs. 27,000 advertisement Rs. 3,000 and salesman salaries Rs. 6,000.

A customer who bought two fridges become insolvent and his estate paid only 60 % of the amount due.

Prepare journal and ledger of both the parties. Also show the valuation of consignment stock and abnormal loss.

(2 × 15 = 30)