

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, OCTOBER 2019**Third Semester****Core Course VIII—FINANCIAL ACCOUNTING**

[Common for Model I, Model II and U.G.C. Sponsored B.Com. Degree Programmes]

(2013—2016 Admissions)

Time : Three Hours

Maximum Marks : 80

Answers may be written either in English or Malayalam.

Part A

Answer all questions.

Each question carries 1 mark.

1. What is minimum rent ?
2. What is over-riding commission ?
3. What is a suspense account ?
4. What are bad debts ?
5. What are closing entries ?
6. What is prudence ?
7. What are inter department profits ?
8. What is a consignment ?
9. What is branch stock ?
10. What is sales ledger control account ?

(10 × 1 = 10)

Part B

Answer any eight questions.

Each question carries 2 marks.

11. What is the objective of AS 6 ?
12. What is goods in transit ? How is it recorded in Branch Accounting ?
13. How is normal loss valued in consignment ?
14. What is recouping in royalty accounts ?
15. Give the closing entry for : (i) closing stock ; (ii) accrued income.
16. Give the Performa of total debtors control account.
17. Give the journal entries in the books of lessee when the short workings are recouped.

Turn over

18. Give journal entries to rectify or adjust in the books of head office and branch :
- Expenses of Rs. 35,000 to be charged to Branch for work done on behalf of Head Office.
 - Goods sent by Head Office to the branch Rs. 20,000 not yet received by the branch.
19. Ascertain credit purchases from the following figures :
- | | | | | |
|----------------------|---|--------|-------------------|-----------|
| Creditors (opening) | : | 5,900 | Discount received | Rs. 450 |
| Cash paid | : | 24,800 | Returns (Cr.) | Rs. 540 |
| Bills payable issues | : | 2,860 | Closing balance | Rs. 6,200 |
20. How are bad debts identified after trail balance will affect financial statements ?
21. What is contingent liability ? Give any *four* examples.
22. Write the rectifying journal entries :
- Goods amounting to Rs. 2,500 has been returned by the customer but no entry were made in the books.
 - A sale of Rs. 2,750 was wrongly credited to the account of Mr. Hind. Entry was correctly made in the sales day book.

(8 × 2 = 16)

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

23. What are the qualitative characteristics of financial statements ?
24. What is abnormal loss ? What are the journal entries in the books of consignee ?
25. Explain the debtors method of maintain accounts ?
26. Discuss the difference between single entry and double entry with respect to accounting.
27. Show how the adjustments will affect the financial statement :
- Recovery of bad debts.
 - Depreciation on fixed assets.
28. Prepare Bad Debts Accounts, Provision for Bad Debts Accounts from the following information :—

			Rs.
01.01.2018	Provision for Bad Debts	...	5,000
31.12.2018	Bad Debts written off	...	3,000
	Sundry Debtors	...	1,25,000
31.12.2019	Bad Debts written off	...	2,500
	Sundry Debtors	...	1,00,000

29. A opened as branch in Ernakulam on 1st January 2017. Goods were invoiced at selling price which is cost plus 10 % from the following particulars relating to the year 2017. You are required to prepare accounts under stock and debtors system : (Given values are in Rs. thousands) :

	Rs.		Rs.
Goods sent to branch	... 3,00,000		
Sales : Cash	... 1,00,000		
Credit	... 1,40,000		
Goods returned by customer	... 3,000		
Cash received from customer	... 80,000		
Discount allowed	... 1,000		
Cash remitted to branch :			
Rent	... 1,500	Branch salaries	... 6,000
Sundry expenses	... 1,000	Defective goods written-off	... 1,000
Goods returned by branch	... 12,000	Stock at the end	... 50,000

30. Find out the collection from debtors from the following details :

	Rs.		Rs.
Opening Debtors	34,000	Opening Bank Balance	8,000
Closing Debtors	46,000	Closing Bank Balance	14,000
Payments to Creditors	1,60,000	Credit Sales	2,37,000
Bills Receivable Encashed	18,000	Bills Payable Paid	12,000
Drawings	24,000	Expenses Paid	36,000
Discount Allowed	5,000		

31. Indian Coal Ltd. got the lease of a colliery on the basis of Rs. 5 per tonne of coal raised to a minimum rent of Rs. 2,00,000 p.a. The shortworkings can be recouping during the first four years of lease. The outputs in four years were :

Year	:	1	2	3	4	5
Output (tonnes)	:	18,000	26,000	50,000	60,000	1,00,000

You are required to give journal entries in the books of Indian Coal Ltd.

(6 × 4 = 24)

Turn over

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

32. Following is the Trial Balance of M/s Home and Sons. Prepare Final accounts for the year ended on 31st March 2018 :

<i>Particulars</i>		Debit (Rs.)	(Credit Rs.)
Stock as on 01.04.2017 : Finished goods	...	2,00,000	
Purchase and sales	...	22,00,000	35,00,000
Bills receivable	...	50,000	
Returns	...	1,00,000	50,000
Carriage inwards	...	50,000	
Debtors and Creditors	...	2,00,000	40,000
Carriage	...	40,000	
Discount	...	5,000	5,000
Salaries and wages	...	2,20,000	
Insurance	...	60,000	
Rent	...	60,000	
Wages and salaries	...	80,000	
Bad debts	...	10,000	
Furniture	...	4,00,000	
Capital	...		5,00,000
Drawings	...	70,000	
Loose tools	...	1,00,000	
Printing	...	30,000	
Advertisement	...	50,000	
Cash in hand	...	45,000	
Cash at bank	...	2,00,000	
Petty cash	...	5,000	
Machinery	...	3,00,000	
Commission	...	10,000	30,000

Adjustments : (i) Finished goods stock. Stock on 31st March was valued at Cost price Rs. 4,20,000 and market price Rs. 4,00,000. (ii) Depreciate furniture @ 10% p.a. and machinery @ 20% p.a. on reducing balance method, (iii) Rent of Rs. 5,000 was paid in advance, (iv) Salaries and wages due but not paid Rs. 30,000, and (v) Make a provision for doubtful debts @ 5% on debtors.

33. On February 21, 2018, MANS of Mumbai consigned to his agent, KKA of Kerala, 90 bicycles, which cost Rs. 180 each, insurance and freight amounting to Rs. 1,080. KKA is entitled to a commission of 10 per cent on gross sales.

On March 2, 2018, KKA returned 10 bicycles, which were of wrong colour and paid return freight and insurance, Rs. 200.

MANS whose financial year ends on June 30, 2018, received from KKA an account sales, made up to that date; this showed that, KKA had sold 60 bicycles for Rs. 21,600, and that he had paid warehouse charges Rs. 360 and Carriage on sale Rs. 300. MANS sent a sight draft in settlement of the balance due on which KKA incurred bank charges Rs. 60.

KKA sold the remaining bicycles for Rs. 6,300, incurring expenses Rs. 160. He sent MANS a second account sales made up to September 30, 2018, accompanied by a sight draft for the balance due, on which MANS paid bank charges Rs. 40.

You are required to prepare all the relevant accounts as they would appear in the books of MANS.

34. Ms. Nana who maintained books under single entry method approaches you with the following details. You are requested to prepare statement of affairs as on 31-03-2018 and P and L A/c for the year ended 31-3-2018 :

<i>Particulars</i>	31-3-2017	31-3-2018
	Rs.	Rs.
Cash	1,500	8,500
Saving A/c with ICICI	2,000	10,000
Debtors	42,000	85,000
Advance received		15,000
Creditors	89,000	2,500
Advance paid		50,000
Building (depreciate 5%)	4,00,000	
Car (depreciate 20%)	3,58,000	
Computer (depreciate 60%)	70,000	

Turn over

Credit sales during the year Rs. 10,95,000. Cash sales during the year Rs. 12,50,000. Credit purchases during the year Rs. 8,20,000.

Details of cash expenses : Salary Rs. 48,000, Vehicle Expenses Rs. 18,000, Repairs and Maintenance Rs. 3,000. Details of expenses paid by cheque : Rent Rs. 60,000, Telephone Rs. 15,000, Electricity Rs. 9,000, Discount Allowed Rs. 250, Discount Received Rs. 550. Amount received from debtors was deposited into bank. Advance was paid by cheque and advance received was also in the bank. Drawings in cash Rs. 40,000. Computation of drawings through bank and cash purchases during the year.

35. Discuss Accounting concepts and convention for accounting and preparation of final accounts.

(2 × 15 = 30)