

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, OCTOBER 2017**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 Marks : 80

Section A

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

1. Expand GAAP.
2. What is AS-2 ?
3. What is Single Entry System ?
4. What is Short Working ?
5. What is Provision for Bad debt ?
6. What is stock - in - transit ?
7. Who is a consignee ?
8. Give *two* examples of indirect expenses.
9. What is Historical Cost principle ?
10. What is Conservatism ?

(10 × 1 = 10)

Section B

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

11. Give rectifying entries :
 - (a) Repairs to equipment of Rs. 2,000 has been charged to Equipment.
 - (b) Rs. 1,000 given as discount has been debited to customer's account.
12. What do you mean by Compensating errors ?
13. Distinguish between Revenue receipts and Capital receipts.
14. Give adjusting entries for :
 - (a) Salary Outstanding of Rs. 1,000.
 - (b) Drawings of Rs. 2,000 from purchases.
15. What are Closing entries ?

Turn over

16. What are the entries to be passed in the books of consignee when :
 - (a) Del credere commission is given to consignee.
 - (b) Del credere commission is not given to consignee.
17. What is Abnormal loss of stock in consignment accounts ?
18. State two disadvantages of Incomplete record accounts.
19. Pass entries in the books of lessor when royalties received are less than the minimum rent and short workings are recoverable out of future years.
20. Give two objectives of Branch accounts.
21. What is Minimum rent ?
22. Explain the adjustment an accountant has to do when the opening stock is overcast by 10 %.

(8 × 2 = 16)

Section C

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

23. Prepare Trading, Profit and Loss account from the following for the year ended 31-12-2015 :—
Opening stock - 24,000 ; Purchases - 46,000 ; Purchase returns - 2,000 ; Wages - 6,000 ; Salaries - 15,000 ; Sales - 1,00,000 ; Sales returns - 5,000 ; Carriage outward - 3,000 ; Carriage inward - 2,000 ; Power and electricity - 1,500 ; Royalty paid - 1,100 ; Closing stock - 25,000.
24. Bineesh consigned black pepper of Rs. 1,50,000 to Ram (consignee). Carriage charges were 2,500 and insurance 1,000. 75 % of goods were sold for 1,04,000. Ram incurred 1,000 as expenses and 6,000 was his commission. Prepare Consignment account in the books of Bineesh. Consider the valuation of unsold stock.
25. Make Total Debtors, Total Creditors, B/R and B/P accounts from the following :
Opening Balance: Debtors - 57,200 ; Creditors - 26,400; B/R - 4,000 ; B/P - 2,500 Discount received - 2,650; Discount allowed - 4,200 ; Paid to creditors - 70,200; Cash from debtors - 1,35,000 ; Returns from debtors - 1,600; Returns to creditors - 1,300; Bad debts - Rs. 3,540 ; Cash received on bills - 14,200; Payments made towards B/P -7,000; B/R dishonoured - 1,100 ; Bad debts recovered - 1,000 ; Cash sales - 15,800 ; Cash Purchases -12,300 ;
Closing Debtors - 55,600 ; Creditors - 28,400 ; B/R - 1,000 ; B/P - 3,000.
26. On 1-01-2015, Head Office by Cochin invoiced to Trivandrum branch worth Rs. 58,000 selling price being 25 % on cost price. For 6 months ended 31.06.15 the branch showed the sales was 40,000. The goods invoiced at Rs. 3,000 were returned by the Trivandrum branch. The closing stock at the branch was 20,100 at selling price. Post these transactions in the Branch Stock account, Branch Adjustment account, Branch Profit and Loss Account.
27. A merchant at Kollam has a branch at Kasargod. The goods are charged at cost plus 25 percent. Kasargod keeps its own Sales Ledger and transmits all cash received to Kollam (H.O.). All expenses are paid by H.O. The following are the transactions: Stock (1.1.15) - 22,000 ; Debtors (1.1.15) - 200 ; Petty cash - 300 ; Cash Sales - 3,000 ; Credit sales - 27,350 ; Goods sent to branch - 25,000; Collection on ledger - 19,000 ; Bad debts - 500 ; Returns inward - 1,000 ; Cheques to branch for wages and expenses - 2,000 ; Stock (31.12.15) - 26,000 ; Debtors (31.12.15) - 1,500; Petty Cash (31.12.15) - 200.
Prepare Branch Trading, Profit and Loss account.

28. What is a Statement of Affair ? State its features.
29. Mr. Yadhu started business on 1st April 2015. His capital contribution was Rs. 30,000. He bought machines worth Rs. 6,000 with a depreciation of 10 % p.a. After 4 months he took a loan of Rs. 25,000 at 8 % p.a. His drawings were a sum of Rs. 500 every month. His assets and liabilities in detail are as follows :
- Cash - 800 ; Debtors and bills - 8,600 ; Stock in trade - 15,000 ; Creditors - 2,500 ; Bills Payable - 500.
- Find Mr. Yadhu's profit or loss.
30. Explain any one system of Branch accounts.
31. Explain : (a) Going Concern Concept ; (b) Substance over Form ; (c) Accounting Standards ; (d) Duality.

(6 × 4 = 24)

Section D

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

32. Raju has leased out his mine field to Ramu. The following are the details about the royalty he earns :

Year	Royalty		Minimum Rent	
		Rs.		Rs.
2005	...	10,000	16,000	
2006	...	20,000	18,000	
2007	...	16,000	20,000	
2008 (Lock-out)	...	16,000	24,000	
2009	...	28,000	26,000	

The shortage (deficiency) in royalty is set off in excess of the minimum rent in two following years. In case of labour issues and minimum rent not realised the actual royalty will be the full obligation for the year.

Prepare important accounts in the books of both parties.

33. The following errors were found in the books of Mr. Pillai. Give necessary rectification entries :
- Machine purchased worth Rs. 17,500 was debited to Purchase account,
 - Rs. 1,000 paid for rent taken as Electricity charges.
 - Rs. 500 paid as electricity charges debited to repairs account.
 - Amount of Rs. 900 withdrawn has been charged to office expenses.
 - Interest received Rs. 300 has been wrongly treated as paid.
 - Rs. 9,000 paid as wages taken as Rs. 900.
 - Commission paid Rs. 1,560 omitted to be recorded.
 - Sales Return book is undercast by Rs. 100.
 - Goods worth Rs. 1,250 purchased from Mr. Pai entered in sales day book.
 - A credit sale of Rs. 1,250 to Mr. Connor was posted as Rs. 2,150.

Turn over

34. The following are the details of Trial Balance of Mr. Ray Quick for the year 2015 :

<i>Particulars</i>	<i>Amount</i>	<i>Particulars</i>	<i>Amount</i>
	<i>Rs.</i>		<i>Rs.</i>
Purchases ...	3,90,000	Bad debt Provision ...	1,000
Returns ...	5,000	Sales ...	5,25,000
Machinery ..	75,000	Discount received ...	1,250
Cash in hand ...	7,320	Capital ...	1,24,945
Discount allowed ...	400	Creditors ...	27,000
Interest ...	1,100		
Debtors ...	56,000		
Salaries and wages ...	32,000		
Factory wages ...	37,500		
Carriage inwards ...	1,000		
Carriage outwards ...	1,100		
Electricity ...	3,050		
Bad debts ...	225		
Stock (1.1.15) ...	45,000		
Furniture ...	12,500		
Premises ...	12,000		
	<hr/>		<hr/>
	6,79,195		6,79,195
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Adjustments :

Closing stock is valued at—Rs. 51,000.

Bad debts provisions Rs. 600.

Interest on capital at 10 % p.a.

To be transferred to General Reserve 20 % from profit.

Depreciate Machinery by 20 % and premises at 10 %.

Prepare final accounts for the year ended 2015.

35. 1,000 bicycles were sent to Shah by Mohan at Rs. 1,500 each. Mohan paid freight Rs. 25,000 and insurance Rs. 2,500. During the transit 100 were damaged in accident. The consignee took hold of the balance paying duties of Rs. 2,500. An account sales was sent by Shah selling 800 cycles at Rs. 2,200. Rent paid by Shah was Rs. 3,000. He is to get a commission of 5 % on sales. Prepare relevant accounts in the books of both parties.

(2 × 15 = 30)