

C 24699

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Name.....

Reg. No.....

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 :

- Write-off further bad debts Rs. 1,000.
 - Create provision for bad and doubtful debts @ 5 % of debtors.
 - 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 24th March 2015, calculate the room occupancy rate for the day.
28. Chennai traders opened a branch at Kolkata on 1st 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 :

	Dept I	Dept II	General
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 31st 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 31st 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 31st December 2014.

(2 × 15 = 30 marks)