

**SECOND SEMESTER B.Com./B.B.A. DEGREE [SUPPLEMENTARY/
IMPROVEMENT] EXAMINATION, APRIL/MAY 2015**

(UG—CCSS)

Core Course

BC 2B 02/BB II B 02—FINANCIAL ACCOUNTING

(2010 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

I. Choose the correct answers :

1 When an asset balance is to be reduced the account is to be _____

- (a) Debited. (b) Credited.
(c) Carry forward. (d) Transferred.

2 Which of the following is an example of an intangible asset ?

- (a) Preliminary exp. (b) Discount on issue of shares.
(c) Investment. (d) Copyright.

3 The Balance of Receipts and Payments indicate :

- (a) Net income for the period. (b) Net loss for the period.
(c) Net cash on hand. (d) Net worth of the business.

4 The term 'reserves' in financial statements signifies :

- (a) The amount of provision for bad debts.
(b) The amount set apart for contingent liability.
(c) Profit set apart for specific or general purpose.
(d) None of the above.

5 Revenue expenditures is intended to benefit :

- (a) Current period. (b) Future period.
(c) Past period. (d) Long period.

6 The credit balance in the income and expenditure account indicates :

- (a) The excess of income over expenditure.
(b) The excess of expenditure over income.
(c) The excess of cash receipts over cash payment.
(d) The excess of cash payments over cash receipts.

Turn over

- 7 The last instalment paid under hire-purchase comprises :
(a) Cash price only. (b) Interest only.
(c) Cash price and interest. (d) Hire purchase price only.
- 8 The statement prepared to estimate capital as on the date is called :
(a) Balance Sheet. (b) Statement of affairs.
(c) Statement of Capital. (d) Trial Balances.
- 9 The excess of current assets over current liabilities is called :
(a) Net tangible worth. (b) Net worth.
(c) Gross working capital. (d) Net working capital.
- 10 Amount spent on advertisement campaign, the benefit of which is likely to last for three years :
(a) Capital expenditure. (b) Deferred revenue expenditures.
(c) Revenue expenditure. (d) Direct expenses.
- 11 Assets in the Balance Sheet are shown at cost less depreciation rather than replacement cost because of the accounting convention :
(a) Going concern. (b) Matching.
(c) Realisation. (d) Money measurement.
- 12 Unearned income account is :
(a) Asset. (b) Liability.
(c) Expenses. (d) Outstanding liability.

(12 x 3 = 36 weightage)

II. Answer the following questions in one or two sentences :-

- 13 What do you mean by objectivity concept ?
- 14 Define Balance Sheet.
- 15 What is contingent liability ?
- 16 What is a ledger ?
- 17 What is Endowment fund ?
- 18 What is the basis of apportionment of work manager's salary in Departmental Accounting ?
- 19 What do you mean by Branch Adjustment Account ?
- 20 The manager is entitled to a **commission** of 5% of net profit after charging such commission. Profit before charging such commission but after charging all other expenses are of Rs. 21,000. Find out the commission.
- 21 X sells goods at cost plus 60%. Calculate cost price of goods if his total sales were Rs. 16,000.

(9 x 1 = 9 weightage)

III. Answer any *five* questions from the following :-

- 22 What are the accounts opened under stock and debtors system ?
 23 What are the defects of single entry system ?
 24 What do you mean by adjusting entries ?
 25 Explain the different ways of the treatment of entrance fees.
 26 How will you deal with the following while preparing Final Accounts ?

Trial Balance

	Dr. Rs.	Cr. Rs.
Charity	2,800	
Charity fund ...		10,500
Charity Fund Investment ...	9,500	
Income on charity fund		
Investment ...		380
Charity fund bank balance	1,000	

- 27 The Receipts and Payments account shows the following details :—

Subscription : Arrears	Rs. 500
Current	Rs. 10,500
Advance	Rs. 800

There are 1200 members each paying an annual subscription of Rs. 10. Show the amount to be credited to income and expenditure account.

- 28 Distinguish between Receipts and Payments account and Cash account.

(5 x 2 = 10 weightage)

IV. Answer any *two* from the following :-

- 29 From the following prepare an Income and Expenditure account for the year ended 31st March 2001 :

2000	Rs. 2001		Rs.
April 1 To balance :	March 31		
Cash at bank	4,550	By Salaries	... 36,000
Cash in office	550	Rent	... 6,000
2001		Printing, stationery	... 1,450
March 31		Postage	... 250
Subscription		Bicycle purchased...	950
(including Rs. 2,000		Govt. Bonds	6,800
for 2001 – 2002)	... 30,000	Balance c/d :	
Interest on investment	15,000	Cash in office	... 120
Bank interest	... 100	Cash at bank	... 1,130
Sale of Scooter	... 2,500		
	<u>52,700</u>		<u>52,700</u>

Turn over

Subscriptions include Rs. 1,200 for 1999 – 2000. Also rent includes Rs. 500 p- March 2000. Subscriptions amounting to Rs. 1,500 have still to be collected for t 2000 -- 2001. Rent for March 2001 has still to be paid and Rs. 250 is outstanding again stationery bill. The book value of the scooter was Rs. 3,200.

- 30 A commenced business on April 1 2000 with a capital of Rs. 1,00,000. He immediately bought furniture and fixtures for Rs. 20,000 . On 30th September 2000, he borrowed Rs. 50,000 from his wife at 9% p.a. (interest not yet paid) and introduced a further capital of his own amounting to Rs. 15,000. A drew at the rate of Rs. 3,000 per month at the end of each month for house hold purposes. On 31st March 2001, his position was as follows :

Cash in hand Rs. 2,000, Cash at bank Rs. 26,000, Sundry Debtors Rs. 48,00 , Stock Rs. 68,000, Bills Receivable Rs. 16,000, Sundry creditors Rs. 5,000 ; and owing for at Rs. 1,500. Furniture and fixtures are to be depreciated by 10%. Find out the profit.

- 31 Amrit Oils Ltd. open a branch at Delhi on 1st April 2009. Goods are invoiced to the I 'h at cost plus 33 1/3% which is the selling price. From the following particulars ascertain profit made by Delhi branch :—

	Rs.
Goods sent to Delhi branch during the year at selling price ...	6,45,000
Sales at Branch :	
Cash	3,15,000
Credit	... 2,19,600
Cash received from debtors	1,75,400
Discount allowed to customers	3,200
Cash sent to branch for expenses (including petty cash)	96,000
Goods returned by the Branch (invoice price)	1,500
Stock on 31st March at invoice price	1,08,400
Petty cash at Branch on 31st March	690
	(2 x 4 = 8 weightage)