

**SECOND SEMESTER B.Com./B.B.A. DEGREE EXAMINATION
APRIL 2020**

(CBCSS—UG)

B.Com.

BCM 2B 02—FINANCIAL ACCOUNTING

(2019 Admissions)

Time : Two Hours and a Half

Maximum : 80 Marks

Section A*Answer all questions. (2 marks each) (Max. 25 Marks)*

1. What is the importance of Single Entry System ?
2. Can a trial balance be prepared under single entry system.
3. What do you mean by reserve capital ?
4. On which value of debentures interest is calculated.
5. What is compulsorily convertible preference share ?
6. What do you mean by minimum subscription ?
7. What is ESOS ?
8. What do you mean by under-subscription of shares ?
9. What do you mean by non-convertible debentures ?
10. What do you mean by private placement of shares ?
11. What are International Financial Reporting Standards (IFRS) ?
12. What are the advantages of IFRS to Investors and investment institutions ?
13. What is the recognition criterion of an asset ?

Turn over

14. Find out the profit or loss from the information given : Opening capital Rs. 50,000 ; Closing capital Rs. 80,000 ; Current year drawings Rs. 6,000 ; Addition to capital during the year Rs. 10,000.
15. Differentiate Statement of Affairs from Balance Sheet.

Section B

Answer all questions. (5 marks each) (Max. 35 Marks)

16. Why is FASB important ?
17. Explain the meaning of measurement principle and state the bases of measurement.
18. Distinguish between IAS 1. and Ind. AS 1.
19. Hindustan Ltd. was registered with a nominal capital of Rs. 20,00,000 divided into 20,000 shares of Rs. 100 each. The company issued 10,000 shares at par, payable Rs. 20 on application, Rs. 30 on allotment, Rs. 20 on first call and Rs. 30 on final call. All the shares were subscribed by the public and amounts duly received. Pass journal entries in the books of the company.
20. VC Ltd. Issued Rs. 2,00,000 10 % Debentures at 95 %. Subscriptions are payable as to Rs. 40,000 on applications and the balance on allotment. Expenses of the issues are Rs. 1,000. Show the journal entries and the Balance Sheet of the company.
21. For the year ended 31.3.2018, provision for income tax has been made for Rs. 80,000. Advance payment of tax for that year amounted to Rs. 60,000 and tax deducted at source on income earned by the company amounted to Rs. 3,500. On 12.10.2018, the assessment was completed and the tax liability came to Rs. 94,000. Advance payment of tax for the year ending 31.3.2019 was Rs. 68,000. The company made provision for taxation for the year ending on 31.3.2019 amounted to Rs. 1,00,000. Show the necessary ledger accounts for the year ending 31.3.2019.
22. From the following facts supplied by Mr. Rao who keeps his books on single entry system, you are required to calculate the total purchase and total sales :

<i>Balance on :</i>		1/1/2018	31/12/2018
		Rs.	Rs.
Bills payable	...	5,000	6,000
Creditors	...	4,000	8,000
Bills receivable	...	10,000	16,000
Debtors	...	7,000	6,000

Further information for the year 2018 is as follows: Cash received from debtors Rs. 5,000 ; Cash paid to creditors Rs. 40,000 ; Discount allowed Rs. 200 ; Discount received Rs. 300; Bad debts written-off Rs. 400, Returns inwards Rs. 700 ; Returns outwards Rs. 900 ; Bills payable discharged Rs. 500 ; Bills receivable dishonoured Rs. 1,000 ; Cash Sales Rs. 10,000 ; Cash purchase Rs. 8,000.

23. From the following information find out opening stock : Sales Rs. 2,00,000 ; Gross Profit 25 % on cost of sales; Purchases Rs. 1,50,000 ; Closing Stock Rs. 25,000.

Section C

Answer any two of the following. (10 marks each)

24. What do you mean by IFRS Adoption / IFRS Convergence ? Explain the need for convergence.
25. Ashirvad Ltd. issued 5,000 shares of Rs. 10 each at par payable as : on application Rs. 3 per share, on allotment Rs. 2 per share, on first call Rs. 3 per share on second and final call Rs. 2 per share. Mr. Ben was allotted 50 shares. Give journal entries relating to the forfeiture of shares in the following alternative cases :
- Case. 1 If Ben failed to pay allotment money and his shares were forfeited.
- Case. 2 If Ben failed to pay allotment money and on his subsequent failure to pay the first call, his shares were forfeited.
- Case. 3 If Ben failed to pay the first call and on his subsequent failure to pay the final call, his shares were forfeited.
26. Sajeev commenced a business on 1st January 2018, with a capital of Rs. 25,000. He immediately bought furniture for Rs. 6,000. During the year, he borrowed Rs. 15,000 from his wife and introduced further capital of his own amounting to Rs. 9,500. He had withdrawn Rs. 900 at the end of each month for family expenses. On 31.3. 2018 his position was as follows : Cash in hand Rs. 600, Cash at Bank Rs. 7,800, Sundry debtors Rs. 14,400, Stock Rs. 20,400, Bills receivable Rs. 4,800, Sundry creditors Rs. 1,500, Rent due Rs. 450. Furniture is to be depreciated by 10 %. Ascertain the profit or loss made by Sajeev during 2018.

Turn over

27. From the given below details, prepare statement of comprehensive income of Visak Ltd. for the year ended 31.3.2018, using (i) Single statement method ; and (ii) Two statements method.

<i>Particulars</i>	<i>Amount</i>
	Rs.
Administrative expenses	... 30,00,000
Change in the fair value of hedging instruments	... 38,00,000
Cost of sales	... 50,00,00,000
Distribution costs	... 5,00,00,000
Exchange differences on translating foreign operations	... 1,02,60,000
Finance costs	... 1,00,00,000
Losses on hedging instruments	... 7,20,000
Revenue from operations	... 64,50,00,000
<i>Note : Assume income tax @ 25 %</i>	