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H – 1156

Reg. No. :

Name :

First Year B.Com. Degree Examination, September 2019

Part III

Paper IV: FINANCIAL ACCOUNTING

(2006 Admission onwards)

Time : 3 Hours

Max. Marks : 100

SECTION – A

(Answer **any ten** questions. Each question carries **2** marks)

1. What is money measurement concept?
2. What is convention of disclosure?
3. What is marshaling of balance sheet?
4. How closing stock is treated while preparing final accounts?
5. What is error of principle?
6. What is general ledger?
7. Define depreciation.
8. What is single entry system?
9. What is consignment inwards?
10. What is legacy?

P.T.O.

11. What is contingent liability?

12. What is depletion?

SECTION – B

(10 × 2 = 20 Marks)

(Answer **any eight** questions. Each question carries 5 marks)

13. What are the objectives of accounting?

14. What are the causes of depreciation?

15. State the features of sectional balancing system.

16. Explain the demerits of single entry system.

17. State the various accounts maintained by the consignor.

18. What are the objectives of branch accounting?

19. What are the different types of assets?

20. The trial balance of Arun Ltd showed a difference of Rs 580 (excess debit). It was put to a suspense account and the books were closed. While going through the books, the following errors were discovered. You are required to pass suitable rectifying journal entries.

(a) Rs 540 received from Manu was posted to the debit of his account

(b) Rs 100 being purchases returns was posted to the debit of purchases account.

(c) Discount Rs 200 received entered in the cash book was not posted to the ledger.

(d) Rs 574 paid for repairs to motor car was debited to the motor car account as Rs 174

(e) A sale of Rs 350 to Hari was entered in the sales book as of Rs 530

21. From the following details, calculate total sales made during the year 2018

Debtors (1-1-2018) — Rs 17425

Debtors (31-12-2018) —Rs 15300

Cash received from debtors — Rs 49200

Sales returns — Rs 3700

Bad debts — Rs 2500

Discounts—Rs 1800

Bills receivable — Rs 5000

Cash sales — Rs 12000

22. A consigned to B 100 cases of tea costing Rs 100 per case. He paid Rs 1000 as freight and cartage. B could take delivery of only 90 cases since 10 cases were lost in transit. He paid Rs 2000 as unloading and carriage charges. At the end of the year, he reported that he has sold away 80 cases at Rs 150 per case. Calculate the value of abnormal loss.

23. A company purchased 10 identical machines on January 1 at a cost of Rs 11000 each, with each having a zero scrap value and an average life of 5 years. At the end of the 2nd year, the company sold one machine for Rs 6000 and purchased another for Rs 14000 in the beginning of the 3rd year. Journalize the above transactions in the books of the company for the first 3 years.

24. Calculate the amount of subscription to be credited to Income and Expenditure account for the year ending 31-12-2018.

Subscription received as per receipts and payments a/c — Rs 20000

Subscriptions received in advance for 2019 — Rs 1700

Subscription outstanding as on 31-12-2016— Rs 1200

Subscription received in advance for 2018 during 2017 — Rs 900

Subscription outstanding on 31-12-2018 — Rs 800

(8 × 5 = 40 Marks)

SECTION – C

(Answer **any two** questions. Each question carries **20** marks)

25. Explain the different systems of accounting for branch?
26. From the following balances of Mr. Balu, prepare Trading, Profit and Loss Account for the year ended 31-12-2018 and a Balance Sheet as on that date:

| Debit Balances | Rs | Credit Balances | Rs |
|------------------------|-------|-----------------|-------|
| Drawings | 1700 | Creditors | 2000 |
| Plant and Machinery | 12000 | Sales | 4200 |
| Horses and Carts | 2600 | Interest | 1350 |
| Debtors | 3600 | Commission | 1600 |
| Purchases | 2000 | Capital | 20000 |
| Wages | 800 | | |
| Cash at bank | 2600 | | |
| Salaries | 800 | | |
| Repairs | 190 | | |
| Opening stock | 1600 | | |
| Rent | 450 | | |
| Miscellaneous expenses | 150 | | |
| Bad debts | 500 | | |
| Carriage inwards | 160 | | |

Adjustments:

1. Closing stock — Rs 1600
2. Depreciate Plant and Machinery by 10% and horses and carts by 15%
3. Allow interest on capital at 5% p.a
4. Rs 150 is due for wages
5. Paid rent Rs 150 in advance
6. Accrued interest — Rs 150
7. Commission received in advance — Rs 200
8. Interest on drawings — Rs 100
9. Further bad debts — Rs 200

27. Kishore keeps his books under single entry system and the following information is available

| Particulars | 1-1-2018 | 31-12-2018 |
|---------------|----------|------------|
| Furniture | 200 | 200 |
| Stock | 2800 | 3050 |
| Debtors | 2100 | 3400 |
| Cash | 150 | 200 |
| Creditors | 1750 | 1900 |
| Bills Payable | - | 300 |
| Loan | - | 500 |
| Investments | - | 1000 |

He has drawn out of the business Rs 500 during the year. Write off 10% depreciation on furniture and make a provision for bad debts at 10% on sundry debtors.

Prepare:

- Statement of affairs as on 1-1-2018
- Statement of affairs as on 31-12-2018
- Statement of Profit for the year ended 31-12-2018
- Adjusted statement of affairs as on 31-12-2018

28. From the following trial balance of Chaithanya club, prepare Income and Expenditure a/c and Balance Sheet.

| Particulars | Dr | Cr |
|----------------------------|-------|-------|
| General fund | | 30000 |
| Cash in hand | 2000 | |
| Cash at bank | 3000 | |
| Sundry debtors | 2400 | |
| Sundry creditors | | 1500 |
| Loan @15% (1-4-2018) | | 20000 |
| Furniture and fixtures | 10000 | |
| Club house | 40000 | |
| Stock of cigar (1-1-2018) | 500 | |
| Rent | 6000 | |
| Rates, Taxes and Insurance | 600 | |
| Secretary's Honorarium | 1200 | |

| | | |
|------------------------------------|-------|-------|
| Entrance fees | 1000 | |
| Subscription received in advance | | 1500 |
| Steward's and Servants wages | 5800 | |
| Extension of club house | 10000 | |
| Printing and stationery | 1000 | |
| Law charges | 500 | |
| Annual subscriptions | | 30000 |
| Card and Billiard room receipts | | 4000 |
| Washing of livery's and sundry's | 1600 | |
| Wines, cards and cigars sold | | 5000 |
| Repair to club house and furniture | 400 | |
| Conversion expenses | 1000 | |
| Wine cards and cigars purchased | 4000 | |
| Interest on loan | 1000 | |
| Total | 92000 | 92000 |

Additional Information:

1. Subscription for 2018 outstanding Rs 2000
2. Write off depreciation at the rate of 10% on furniture and 2% on club house including the extension.
3. Stock of cigars Rs 400, wine Rs 600 on 31-12-2018

(2 × 20 = 40 Marks)