

Reg. No. :

Name :

Second Semester B.Com. Degree Examination, September 2022

First Degree Programme under CBCSS

Core Course

CO 1241/CX 1241/CC 1242/HM 1241/TT 1241 : FINANCIAL ACCOUNTING

(Common for Commerce/Commerce and Tax Procedure and Practice/Commerce and Tourism and Travel Management/Commerce and Hotel Management and Catering/Commerce with Computer Applications)

(2018 & 2019 Admission)

Time : 3 Hours

Max. Marks : 80

SECTION – A

Answer **all** questions in **one** or **two** sentences each. **Each** question carries **1** mark.

1. What is going concern concept?
2. What is a journal proper?
3. What is posting?
4. What is credit note?
5. What are closing entries?
6. What do you understand by straight line method of providing depreciation?
7. What are rights shares?

P.T.O.

8. What do you mean by installment payment system?
9. Who is hire vendor?
10. What is down payment?

(10 × 1 = 10 Marks)

SECTION – B

Answer any **eight** questions in not exceeding **one** paragraph each. Each question carries **2** marks.

11. Name any two advantages of journal.
12. Give any two methods of providing for depreciation.
13. What are fixed assets? Give an example.
14. What are intangible assets? Give an example.
15. Distinguish between cum-dividend and ex-dividend.
16. What do you understand by average clause?
17. Journalise the following transactions of a trader:
 - (a) January 1, 2020, purchased goods worth Rs. 5,000 for cash less 20% trade discount and 5% cash discount.
 - (b) January 4, 2020, received Rs. 1,980 from Biju and allowed him Rs. 20 as a discount.
18. Journalise the following transactions in the books of Sri. K.L. Rao of Hyderabad:

2019 January 1	Rao started business by investing cash Rs. 2,00,000
" "	He brought goods of Rs. 10,000 and furniture of Rs. 7,000
" 4	Purchased building for Rs. 50,000
" 7	Purchased goods on credit from S.Reddy for Rs. 12,000

19. On January 1, 2020, B. Ajith had the following assets and liabilities:

Liabilities	Rs.	Assets	Rs.
Due to: Babu	3,000	Cash in hand	160
Chottu Brothers	1,750	Cash at bank	2,750
Total	4,750	Stock in trade	4,000
B. Ajith's capital	7,350	Due from : Varma	2,800
		Musthafa	1,860
		Furniture	530
	<u>12,100</u>		<u>12,100</u>

Give opening journal entry to start the books for 2020.

20. What adjustments are required to be made in the books for the following?

A debt of Rs. 750 previously written off as bad now recovered to the extent of Rs. 500.

21. A dealer in biscuits used for personal use biscuits worth Rs. 600, distributed as samples worth Rs. 500, and gave office staff worth Rs. 200 for their personal use. Give necessary entries.

22. Pass necessary journal entries for the following adjustments:

(a) Closing Stock Rs. 4,000.

(b) To provide Reserve for Doubtful Debts at 2½% on Book Debts worth Rs. 12,000.

(8 × 2 = 16 Marks)

SECTION – C

Answer any **six** questions in not exceeding **120** words. Each question carries **4** marks.

23. What are the advantages of accounting?
24. What is a Trial Balance? What are its objects?

25. What do you understand by depreciation? Discuss the factors that cause depreciation.
26. R. Sankaran, a trader makes provision for doubtful debts at the end of each year against specific debtors. On 31st March, 2018 the following debtors' balances were considered doubtful and provided for B – Rs. 3,000; C – Rs. 800; D – Rs. 500.

Following are the particulars for the year ended 31st March, 2019:

Bad debts written off: B – Rs. 2,400; E – Rs. 500; P – Rs. 500;

Bad debts recovered: R – Rs. 1,400, S – Rs. 1,200, N – Rs. 1,000;

Bad debts considered doubtful at the end of the year: G – Rs. 1,600; H – Rs. 1,800; K – Rs. 2,000;

Debts considered doubtful at the commencement of the year were either realized or written off as bad debts.

Write up the Bad Debts Account and Provision for Doubtful Debts Account for the year ended 31st March, 2019.

27. From the following ledger balances extracted at the close of trading year ended 31st December, 2019, prepare a Trading Account as on that date:

	Rs.		Rs.
Opening stock	8,000	Returns outwards	400
Purchases	20,000	Carriage inwards	1,200
Sales	80,000	Wages	3,300
Returns inwards	1,500	Freight and dock charges	2,400
		Stock on 31-12-2019	7,000

28. From the following details, set out the Hire Purchase Trading Account in the books of a trader who sells a number of articles of comparatively small value daily on the hire purchase system, showing his profit on this department of the business for the year ended March 31, 2019. For the purpose of charging his hire purchase customers, he adds 60% to the cost of the goods.

		Rs.
2018 April 1	Stock in customers' hands at selling price	1,62,400
	Sale of hire purchase goods during the year at selling price	6,53,600
	Cash received from hire purchase customers during the year	4,20,800
2019 March 31	Stock in customers' hands at selling price	3,57,200

29. A fire occurred on the premises of a merchant on 15th June, 2019, and a considerable part of the stock was destroyed. The value of the stock destroyed was Rs.9,000.

The books disclosed that on 1st April, 2019, the stock was valued at Rs.73,500, purchased to the date of the fire amounted to Rs.2,09,880 and sales to Rs.3,13,000. On investigation, it was found that during the past five years the average gross profit on the sales was 36%.

You are required to prepare a statement showing the amount the merchant should claim from the insurance company in respect of stock destroyed or damaged by fire.

30. A plant is purchased for Rs. 20,000. It is depreciated at 5% per annum on reducing balance for five years when it becomes obsolete due to new method of production and is scrapped. The scrap produces Rs. 5,385.

Show the Plant account in the ledger.

31. A manufacturer sells his products in containers charging them out at Rs. 22 each. Customers are credited by Rs. 18 each if the containers are returned within six weeks. For accounting purposes at closing all stocks with customers and in factory are valued at Rs. 14 each except those representing new ones which are valued at their purchase price, i.e., Rs. 15. Following particulars are available for the year ended 31st March, 2019:

	Rs.
No. of containers with customers (1-4-2018)	6,800
No. of containers sent out to customers	10,500
No. of containers returned by customers	3,400
No. of containers destroyed by fire	200
No. of containers sold as scrap (for Rs.300)	50
No. of containers in hand (1-4-2018)	5,000
No. of containers with customers (31-3-2019)	4,600
Purchases during the year totaled to Rs. 1,65,000	

You are required to prepare Containers Trading Account.

(6 × 4 = 24 Marks)

SECTION – D.

Answer any **two** questions in not exceeding **four** pages each. Each question carries **15** marks.

32. Define accounting concept. Explain the important concepts in accounting.
33. On 31st March, 2019, the following Trial Balance was extracted from the books of Mr. Chakkochan:

	Dr. Rs.	Cr. Rs.
Capital Account		90,000
Plant and Machinery	80,000	
Sales		4,07,000
Purchases	2,60,000	
Returns	6,000	5,750

	Dr. Rs.	Cr. Rs.
Opening Stock	30,000	
Discount	350	800
Bank Charges	75	
Sundry Debtors	45,000	
Sundry Creditors		25,000
Salaries	26,800	
Manufacturing Wages	40,000	
Carriage Inwards	750	
Carriage Outwards	1,200	
Bad Debts Provision		525
Rent, Rates and Taxes	10,000	
Advertisements	2,000	
Cash in hand	900	
Cash at Bank	6,000	
Furniture and Fittings	20,000	
	<u>5,29,075</u>	<u>5,29,075</u>

You are required to prepare the final accounts for the year ended 31st March, 2019 and the Balance Sheet as on that date. The following adjustments are required:

- Closing Stock Rs. 35,000.
- Depreciation of Plant and Machinery @ 15% p.a. and on Furniture and Fittings @ 10% p.a. to be provided.
- Bad debts provision to be adjusted to Rs. 500.
- Interest on capital to be allowed at @10% p.a.

34. The Mogul Lines Ltd. owned several ships of which one named "M.M.Manisha" was chartered on 1st October, 2019 from Mumbai to Chennai and back. The voyage was completed on 30th November, 2019. She was loaded with cotton bales at Mumbai to Chennai and on her return journey loaded with Jute for Mumbai. The following are the particulars provided in respect of this voyage:

	Rs.		Rs.
Harbour wages	38,600	Interest on advance	760
Port charges	4,740	Discharging expenses	4,000
Coal and fuel	22,000	Freight on onward journey	80,000
Stores purchased	10,500	Freight on return journey	60,000
Loading charges	5,000	Passage money	8,000

The ship was insured for an annual premium of Rs. 18,000. The value of the ship was Rs. 12,00,000 on which depreciation was charged at 5% p.a.

The Address Commission was 5% on Onward Journey and 4% on Return Journey. The manager is entitled to a commission of 5% on the profit after charging such commission. Stores on hand at the end of the voyage were valued at Rs. 3,200.

Prepare Voyage Account.

35. Mr. Investor furnishes the following details relating to his holding in 6% Government Bonds: Opening balance (face value Rs. 60,000) cost Rs. 59,000

1-3-2019 - 100 units purchased ex-interest Rs.98.

1-7-2019 - Sold 200 ex-interest out of the original holding at Rs. 100.

1-10-2019 - Purchased 50 units at Rs. 98 cum-interest.

1-11-2019 - Sold 200 ex-interest at Rs.99 out of the original holding.

Interest dates are 30th September and 31st March. Mr. Investor closes his books every 31st December. Show the Investment Account as it would appear in his books.

(2 × 15 = 30 Marks)