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Reg. No. : .....

Name : .....

**Second Semester B.Com. Degree Examination, July 2014**
**First Degree Programme under CBCSS**
**Commerce**
**FINANCIAL ACCOUNTING**
**(Core Course IV – CO1242 and Core Course II – TT1241, CX1241, HM1241)**
**(Common for FDP in Commerce/Career Related FDP in Commerce in Tourism and Travel Management, Commerce and Tax Procedure and Practice, Commerce and Hotel Management and Catering)**
**(2013 Admission)**

Time : 3 Hours Max. Marks : 80

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SECTION – A

Answer **all** questions in **one** word to maximum of **two** sentences. **Each** question carries **one** mark.

1. What do you mean by Accounting Concepts ?
2. Define Accounting Standard.
3. Name the divisions of ledger under self balancing.
4. Give the self balancing entry for cash paid to creditors.
5. What is single entry system ?
6. What is capital fund ?
7. Who prepares a proforma invoice ? To whom is it sent ?
8. How uninsured abnormal loss is accounted in consignment ?
9. What is objectivity concept ?
10. What is a suspense account ?

**(10×1=10 Marks)**

P.T.O.

## SECTION – B

Answer **any 8** questions **not**-exceeding **one** paragraph. **Each** question carries **2** marks.

11. State the objectives of accounting standards.

12. Point out the components of financial accounts.

13. Prepare total debtors account from the following :

| | **Rs.** |
|---|---|
| Opening Debtors | 6,000 |
| Closing Debtors | 6,700 |
| Credit sales | 8,950 |
| Cash sales | 8,000 |
| Cash collected from customers | 7,500 |
| Discount allowed | 450 |
| B/R received | 300 |

14. Pass the self balancing journal entry for the transactions that increases creditors.

15. What are contingent liabilities ?

16. Find the profit of the concern :

| | **Rs.** |
|---|---|
| Opening capital | 1,60,000 |
| Drawings | 36,000 |
| Closing capital | 1,80,000 |
| Additional capital | 10,000 |

17. Mention the main defects of single entry stem.

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18. How will you treat entrance fee in the final accounts of a non-trading concern ?

19. Calculate the actual expenses to be shown in the Income and Expenditure Account.

| | Rs. |
|---|---|
| Salaries and wages paid during 2013 | 15,200 |
| Salaries and wages unpaid on December 31, 2013 | 8,400 |
| Salaries and wages outstanding on 1-1-2013 | 7,600 |

20. Distinguish between consignment and sale.

21. X of Kolkatta sends out goods costing Rs. 3,00,000 to Y of Mumbai at cost + 25 %. Consignor's expenses Rs. 5,000. $\frac{1}{10}$ of the goods were lost in transit. Insurance claim received Rs. 3,000. The net loss on account of abnormal loss is : ?

22. Give the journal entry for bad debts when del-credere commission is given to the consignee. **(8×2=16 Marks)**

## SECTION – C

Answer **any 6 not** exceeding **120** words. **Each** question carries **4** marks.

23. What is a Trial Balance ? State its use.

24. Why a trading account is prepared ? Prepare a specimen trading account.

25. Prepare total creditors account

| | Rs. |
|---|---|
| Opening creditors | 8,200 |
| Closing creditors | 8,500 |
| Credit purchases | 25,300 |
| Cash purchases | 25,000 |
| Cash paid to creditors | 19,100 |
| B/P issued | 5,000 |
| Discount received | 900 |
| Provision for discount on creditors | 100 |

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26. Distinguish between self balancing and sectional balancing.

27. Find out opening stock.

| | Rs. |
|---|---|
| Total sales | 2,46,000 |
| Purchases | 2,00,000 |
| Closing stock | 35,000 |

Gross profit ratio : 20 % on cost.

28. Prepare Trading account for the year ending December 31, 2013 from the following

| | Rs. |
|---|---|
| Stock on 1-1-2013 | 10,000 |
| Purchases (including credit for excise duty 500) | 1,00,000 |
| Wages | 5,000 |
| Carriage inwards | 1,000 |
| Sales (inclusive of sales tax) | 1,70,000 |
| Returns inwards | 5,000 |
| Returns outwards | 8,000 |
| Sales tax paid | 15,000 |
| Freight | 500 |
| Excise duty on goods manufactured | 2,500 |
| Cash subsidy receivable on purchases | 500 |
| Closing stock | 20,000 |

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29. Prepare receipts and payments A/c of a club for the year ended 31st December 2013 from the following particulars.

| | Rs. |
|---|---|
| Opening balance of cash | 40,000 |
| Receipts of entrance fee | 8,000 |
| Subscriptions received for 2013 | 16,000 |
| Subscriptions received for 2012 | 1,600 |
| Paid salaries | 2,000 |
| Paid for miscellaneous expenses | 200 |
| Rent paid | 1,200 |
| Purchase of cricket balls | 500 |
| Purchase of cricket bat | 1,600 |
| Purchase of stationery | 100 |

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30. Distinguish between a receipts and payments A/c and a cash book.

31. Ebrahim of Trivandrum sent a consignment of the value of Rs. 20,000 to Madhu of Cochin, drawing a bill of Rs. 16,000 as advance. Ebrahim paid Rs. 1,000 as freight. Madhu clears the goods paying Rs. 400 excise duty and carriage. He sells half of the goods for Rs. 30,000. His commission is 5 % on sales. Market price of the stock was Rs. 10,600 at close.

Prepare consignment account. **(6×4=24 Marks)**

## SECTION – D

Answer **any two** questions **not** exceeding **4** pages. **Each** question carries **15** marks.

32. What errors will affect the agreement of Trial Balance ? State whether the following errors will affect trial balance. Also pass rectification entries for the following errors.

    1) A purchase of goods from Ram Rs. 150 has been wrongly entered through the sales book.

    2) A credit sale of goods Rs. 120 to Ramesh has been wrongly passed through the purchases book.

    3) On 31st December 2013 goods Rs. 300 were returned by Hari Saran were taken in to stock on the same day but no entry was passed in the books.

    4) Rs. 200 due from Mahesh Chand, which had been written off as a bad debt in a previous year, was unexpectedly recovered and had been posted to the personal account of Mahesh Chand.

    5) A cheque Rs. 100 received from Man Mohan was dishonoured and had been posted to the debit of sales returns account.

    6) Salaries paid Rs. 500 wrongly debited to rent A/c.

33. Following balances are extracted from the books of Mr. Sukhdev.

| | Rs. | | Rs. |
|---|---|---|---|
| Capital | 30,000 | Sales Returns | 2,000 |
| Drawings | 5,000 | Discount (Dr.) | 1,600 |
| Furniture and Fittings | 2,600 | Discount (Cr.) | 2,000 |
| Bank overdraft | 4,200 | Taxes and Insurance | 2,000 |
| Creditors | 13,300 | General expenses | 4,000 |
| Business premises | 20,000 | Salaries and wages | 9,000 |
| Stock (January 1, 2013) | 22,000 | Commission (Dr.) | 1,200 |
| Debtors | 18,000 | Audit fee | 500 |
| Rent from tenants | 1,000 | Legal charges | 500 |
| Purchases | 1,10,000 | Carriage on purchase | 1,800 |
| Sales | 1,50,000 | Provision for Bad Debts | 500 |
| | | Bad Debts | 800 |

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Stock on December 31, 2013 was estimated at Rs. 20,060. Write off depreciation on business premises Rs. 300 and on furniture and fittings Rs. 260. Write off bad debts Rs. 500 and make a provision of 5 % on debtors for bad debts. Allow interest on capital at 5 % p.a. and carry forward Rs. 700 for unexpired insurance.

Prepare trading and profit and loss account for the year ended December 31, 2013 and a Balance Sheet as at that date.

34. Write a note on generally accepted accounting principles.

35. Miss Rakhi consigned 1,000 radio sets costing Rs. 900 each to Miss Geetha, her agent on 1st July 2013. Miss Rakhi incurred the following expenditure on sending the consignment.

| | |
|---|---|
| Freight | Rs. 7,650 |
| Insurance | Rs. 3,250 |

Miss Geeta received the delivery of 950 radio sets. An account sales dated 30th November 2013 should that 750 sets were sold for Rs. 9,00,000 and Miss Geetha incurred Rs. 10,500 for carriage. Miss Geetha was entitled to a commission of 6 % on sales effected by her. She incurred expenses amounting to Rs. 2,500 for repairing the damaged radios remaining in the stock.

Miss Rakhi lodged a claim with the insurance company which was admitted at Rs. 35,000.

Show –

a) Consignment Account (at invoice price)

b) Miss Geetha Account, in the books of Miss Rakhi. **(2×15=30 Marks)**

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