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Second Semester B.Com. Degree Examination, December 2021

First Degree Programme Under CBCSS

Core Course

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

(2018 – 2019 Admission)

Time : 3 Hours Max. Marks : 80

SECTION – A

Answer **all** questions, **each** carries **1** mark.

1. The objectives of financial accounting is to ascertain ———— for a particular period.
2. The Person to whom the goods are sold on credit is known as ————
3. Depreciation refers to ———— in the value of fixed assets.
4. Under ———— method of depreciation, the amount of depreciation goes on decreasing year after year
5. Under ———— system, the buyer does not get ownership of goods immediately.
6. ———— is the initial payment made at the time of signing the hire purchase agreement.
7. ———— refers to the amount spent on fuel, coal, diesel and fresh water used for the purpose of voyage.
8. Cum-dividend price is not the real price of investment. Say true or false
9. The average clause in a loss of stock policy discourages ————
10. Loss of profit insurance is also known as ————

(10 × 1 = 10 Marks)

P.T.O.

SECTION – B

Answer **any eight** questions, **each** question carries **2** marks.

11. What you mean by Capital Expenditure?
12. Define Accounting Principles.
13. What you mean by depreciation?
14. What is meant by Hire purchase system?
15. Who is hirer?
16. What you mean by primage?
17. What you mean by Voyage in progress?
18. What is Returnable Packages?
19. What is bonus shares?
20. Define insurance.
21. What do you understand by peril?
22. What you mean by Hazard?

(8 × 2 = 16 Marks)

SECTION – C

Answer **any six** questions, **each** question carries **4** marks.

23. Explain the Qualitative Characteristics of Accounting Information.
24. Discuss any four Basic Accounting Concepts.
25. On 1st January 2019, Aramco Ltd purchased a machinery of ₹ 60,000 and spent ₹ 10,000 on its erection. The machinery is depreciated @ 20% per annum. Prepare machinery a/c for the first two years under diminishing balance method?
26. State the difference between Hire Purchase and Installment Purchase.
27. Parimal Manufacturing Company had a stock of 10,000 bottles valued at ₹ 25,000 on 1st January 2019. During the year, the company purchased 50,000 bottles @ ₹ 2.50 per bottle. At the close of the year 7,000 bottles were in the book. Prepare Containers stock a/c.

28. Kairali Transport Company purchased a truck on hire purchase from Birla Motors for ₹ 50,000. Payment to be made, 15,000 cash and 3 instalments of ₹ 15,000 each at the end of each year. Rate of interest is charged at 5% per annum. Buyer depreciates assets at 10% per annum on written down value method.

Because of financial difficulties Kairali Transport Company after having paid the down cash and the first instalment at the end of the first year, could not pay the second instalment and Birla Motors took possession of the truck, The seller, Birla Motors, after spending ₹ 350 on repairs of the truck, sold it for ₹ 30,110.

Prepare necessary ledger accounts in the books of Kairali Transport Company.

29. Jala Rani commenced a voyage on 01. 01. 2020 from Dubai to London and back. The voyage was completed on 31.03.2020. It carried a consignment of Cement on its outward journey and of Titanium Dioxide on its return journey. The ship was insured and the annual premium was Rs. 24,000.

Prepare a Voyage Account from the following particulars :

Wages and salaries	20,000	Freight earned (Outward)	1,00,000
Stores	6,000	Freight earned (Inward	50,000
Sundry Expenses	2,000	Port Charge	5,000
Passage money received	4,000	Bunker Cost	20,000
Annual Depreciation	36,000	Lighterage charges	3,000

Address commission 3.5% on outward and 4% on Inward freight. Primage is 5% on freight. The manager is entitled to 5% commission on the profit earned after charging such commission. Stores and Coal on hand were valued at Rs. 2,000 on 31.03.2020.

30. A fire occurred on 15th December, 2011 in the premises of Dolphin Co. Ltd. From the following figures, calculate the amount of claim to be lodged with the insurance company for loss of stock.

Stock at cost as on 1st April 2010	₹ 2,00,000
Stock at cost as on 1st April 2012	₹ 3,00,000
Purchases for the year ended 31st March 2011	₹ 4,00,000

Purchases from 1st April 2011 to 15th December 2011 ₹ 8,80,000

Sales for the year ended 31st March 2011 ₹ 6,00,000

Sales from 1st April, 2011 to 15th December 2011 ₹ 10,50,000

During the accounting year 2011–2012 cost of purchases rose by 10% above the previous year's levels while selling prices went up by 5%

The value of stock salvaged was ₹ 20,000.

31. Write a note on the following with example :

(a) Pure Risk

(b) Speculative Risk.

(6 × 4 = 24 Marks)

SECTION – D

Answer **any two** questions, **each** question carries **15** marks.

32. From the following trail balance of Mr. John as on 31st December 2020. Prepare trading and profit and loss account and Balance Sheet

Particulars	Debit (₹)	Credit (₹)
Capital of Mr. John		15,000
Purchases	55,000	
Drawings	2,500	
Stock (1.1.2020)	11,000	
Bank overdraft		2,100
Furniture	1,300	
Creditors		7,900
Premises	10,000	

Book debts	9,000	
Rent		500
Returns	1,000	
Sales		75,000
Discount		200
Insurance	500	
Sundry expenses	2,500	
Commission		1,000
Carriage outwards	3,300	
Cash	5,600	
	1,01,700	1,01,700

Additional Information :

(a) Stock on 31.12.2020 Rs. 17,200

(b) Commission Accrued but not received Rs. 450

(c) Rent receivable amounts to Rs.100

(d) Carriage outwards outstanding Rs. 200

(e) Insurance paid in advance Rs.150.

33. Discuss the importance of insurance.

34. On 1.1.2020 Sri Devi purchased 500 Equity Share of Rs. 100 each in Tata Ltd. @ Rs. 120 each from a Broker who charged 2%. She incurred 50 Paise per Rs. 100 as cost of shares transfer stamps. On 30.11.2020 bonus was declared in the ratio of 1:2. Before and after the record date of bonus Shares. The shares were quoted at Rs. 175 per Share and Rs. 90 per Share. On 31.12.2020 Sri Devi sold bonus Shares to a Broker who charged 2%. Show the investment Account in the books of Sri Devi who held the Shares as Current Assets and also show the working note.

35. On 1st January 2010 Bandra Ltd. purchased a machine from Virad Industries on hire purchase basis, The cash price of the machine was 25,000.The payment was to be made 5,000 on the date of contract and the balance in 4 annual instalments of 5,000 plus interest at 5 per cent per annum payable on 31st December each year, the first instalment being payable on 31.12.2010.

Prepare Machinery account, Virad Industries account and Interest account in the books of Bandra Ltd. assuming books of accounts are closed on 31st December and depreciation at 10% p.a. Written off on the original cost.

(2 × 15 = 30 Marks)
