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Reg. No. : .....

Name : .....

Second Semester B.Com. Degree Examination, December 2021

First Degree Programme under CBCSS

Core Course

FINANCIAL ACCOUNTING

(Common for CO 1241/CC 1242/CX 1241/TT 1241/HM 1241)

(2020 Admission Regular)

Time : 3 Hours Max. Marks : 80

PART – A

Answer **all** questions. Each question carries **1** mark.

1. What are Generally Accepted Accounting Principles?

2. What are contingent liabilities?

3. What is dual aspect concept?

4. What is convention of consistency?

5. What is diminishing balance method of depreciation?

6. For what purpose, voyage account is prepared?

7. What is hire purchase agreement?

8. What is accrual concept?

9. What is cash price?

10. Which method of depreciation is used in case of mines, quarries and oil wells?

(10 × 1 = 10 Marks)

PART – B

Answer **any eight** questions. Each question carries **2** marks.

11. What is hire purchase price?

12. How closing stock is treated while preparing final accounts?

13. What are the objectives of depreciation policy?

14. What are free samples? How it is treated in final accounts?

15. What are adjusting entries?

16. What are wasting assets?

17. Briefly state the convention of materiality.

18. What are the advantages of preparing profit and loss account?

19. What are port charges?

20. What are the functions of a balance sheet?

21. How depreciation differs from depletion?

22. State the merits of diminishing balance method of depreciation.

23. Explain the machine hour rate method of depreciation.

24. How provision for bad debt is treated in final accounts?

25. What is right issue?

26. How stevedoring charges is shown in the voyage account?

(8 × 2 = 16 Marks)

PART – C

Answer **any six** questions. Each question carries **4** marks.

27. Distinguish between balance sheet and trial balance.

28. Distinguish between Straight line and Diminishing balance methods of depreciation.

29. How outstanding expenses and prepaid expenses are treated in final accounts?

30. What are the consequences of not providing depreciation?

31. Explain the various accounting concepts.

32. State the various methods of recording depreciation in books of accounts.

33. Distinguish between cum-interest and ex-interest.

34. Explain the features of hire purchase system.

35. On 1st January 2013, machinery was purchased for Rs.80,000. On 1st January 2014, additions were made to the machinery of Rs.40,000. On 31st March 2015, machinery purchased on 1st January 2014, costing Rs.12,000 was sold for Rs.11,000 and on 30th June 2015, machinery purchased on 1st January 2013 costing Rs.32,000 was sold for Rs.26,700. On 30th June 2015, additions were made to the amount of Rs.20,000.

Depreciation as provided at 10% p.a. on diminishing balance method.

Show machinery account.

36. A fire occurred on 15th September 2018 in the godown of M/s A and B. From the following details, ascertain the claim to be lodged

Particulars	Rs.
Stock on 1st April 2018	1,05,300
Purchase from 1st April to the date of fire	3,50,400
Manufacturing expenses and wages	2,60,000
Sales from 1st April to the date of fire	6,76,000
Goods used by partners themselves (at cost)	10,500
Rate of gross profit on cost	30%
Value of Stock salvaged	10,500

37. On 1st December 2015, a purchaser purchased 200, 6% debentures of Rs.100 each @ Rs.104 ex-interest per debenture. He paid 1/2% brokerage in this transaction. Interest is payable on 30th June and 31st December each year. Pass entries in the books of purchaser.

38. Mr. A bought a machine under hire purchase agreement, the cash price of the machine being Rs.18,000. As per the terms, the buyer has to pay Rs.4,000 on signing the agreement and the balance in four instalments of Rs.4,000 each, payable at the end of the year. Calculate the interest chargeable at the end of each year.

(6 × 4 = 24 Marks)

PART – D

Answer **any two** questions. Each question carries **15** marks.

39. Write the journal entries in the books of purchaser and vendor in case of purchase made under instalment system.

40. Describe the various accounting conventions.

41. Explain the methods of providing depreciation.

42. The following balances are extracted from the books of Raman on 31-12-2018.

	Rs.		Rs.
Purchases	40,000	Sales	70,185
Purchases returns	1,410	Stock (1-1-2018)	5,730
Capital	50,500	Drawings	8,800
Bad debts	700	Bad debts reserve (1-1-2018)	1,620
Carriage inwards	1,155	Office expenses	670
Postage and stationery	330	Rates and insurance	650
Discount (Cr)	115	Bills receivable	620
Sales returns	2,120	Wages	3,140
Building	13,000	Rent received	1,050
Cash at bank	6,200	Cash in hand	1,105
Office furniture	1,800	Salary	4,500
Commission paid	435	Postage	410
Sundry debtors	31,035	Sundry creditors	9,490
Building (New)	3,500	Sundry expenses	8,470

Prepare final accounts for the year ending 31-12-2018 after considering the following:

(a) Insurance unexpired — Rs.120

(b) Provide interest on capital @ 5%

(c) Rent not received — Rs.100

(d) Depreciate old building @ 2.5%, new building @ 2% and office furniture @ 5%

(e) Write off further bad debts Rs.285

(f) Increase the provision for bad debts to 6% on debtors

(g) Salary outstanding — Rs.285

(h) Stock on 31-12-2018 — Rs.7,145

43. Indian Shipping Company had a ship named Bharat, whose written down value as on 01-01-2015 was Rs.24 lakhs. The ship was insured for Rs.30 lakhs at 1% for voyage policy of hull. The ship made a trip to Sydney and returned to Chennai during the period 1st July 2015 to 30th September 2015. The details of voyage were given below:

Expenses incurred:

	Rs.
Salaries of the crew	25,000
Fuel	55,000
Port dues	30,000
Stores expenses	32,000
Shares of overhead for the ship	16,000

Stevedoring at the rate of Rs.3 per tonne

Depreciation on written down value of ship @ 10% p.a

Freight was insured at 1%

Freight consists of:

(a) Leather goods 1100 tonnes

(b) Cotton 500 tonnes at the rate of Rs 150 per tonne

(c) Sugar 1700 tonnes at the rate of Rs 100 per tonne

In addition to primage @ 10%, the brokerage payable was 5%

Prepare voyage account and ascertain profit.

44. On 1st January 2015, Ojha Company obtained Wagons on hire purchase system. The price of the wagon was Rs.25,000. The payment was to be made as Rs.5,000 down and the balance by instalments of Rs.4,000 per year with interest at 4%.

Show interest calculations of 5 years and prepare Wagon account in the books of Ojha Company assuming depreciation to be written off at 5% annually on diminishing balance method.

(2 × 15 = 30 Marks)
