(Pages : 7) M – 2493

Reg. No. : .....

Name : .....

Second Semester B.Com. Degree Examination, December 2021

First Degree Programme Under CBCSS

Core Course II

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

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

(2014 Admission to 2017 Admission)

Time : 3 Hours Max. Marks : 80

SECTION – A

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

1. Define financial accounting.
2. What do you understand by Accounting Standards?
3. What is the expansion of GAAP?
4. What are errors of principle?
5. What is Ledger?
6. What is credit note?
7. What is trading account?
8. Who is hire vendor?

P.T.O.

9. What is address commission?

10. If the total assets of the firm are Rs. 1,00,000, outside liabilities are Rs. 40,000, what is the amount of capital contributed by the owner?

(10 × 1 = 10 Marks)

SECTION – B

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

11. State any two uses of accounting standards.

12. What do you mean by errors of commission? Give an example.

13. What are compound journal entries? Give an example.

14. Distinguish between capital expenditure and revenue expenditure.

15. Write a short note on straight line method of providing depreciation.

16. What do you mean by depletion method of depreciation?

17. Give any two points of difference between self-balancing and sectional balancing system.

18. Write short notes on the following:
    (a) Primage (b) Passage money

19. What is voyage-in-progress?

20. Give a brief account of returnable packages.

21. How will you deal with the following items appearing in the Trial Balance when preparing final accounts at the end of the year?
    (a) Wages (b) Stock at the end

22. Write down the adjusting entries required for the following transactions:
    (a) Goods withdrawn from business for personal use Rs. 10,000
    (b) Rent paid for the next year Rs. 1,800
    (c) Insurance prepaid Rs. 400
    (d) Wages paid for the erection of car shed Rs. 10,000

(8 × 2 = 16 Marks)

SECTION – C

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

23. Distinguish between a trial balance and a balance sheet.

24. What are the advantages of self-balancing?

25. Write short notes on:

    (a) Outstanding expenses and (b) Prepaid expenses

26. Messrs. Varma and Varma purchased plant and machinery on 1st July 2018 for Rs. 90,000 and incurred Rs. 10,000 on its erection expenses. Depreciation is written off at the rate of 10 per cent. The firm doses its books on 31st December each year.

    Show the plant and machinery account under upto 31st December, 2020 under Reducing Instalment Method.

27. A company manufactures loose tools for its own use. At the end of each year depreciation is charged on revaluation method. From the following particulars, show the Loose Tools Account.

    Year ended 31-12-2017 — Loose tools manufactured: Rs. 5,000

    (revalued on 31-12-2017: Rs. 4,100)

    Year ended 31-12-2018 — Loose tools manufactured: Rs. 2,700

    (revalued on 31-12-2018: Rs. 5,700)

    Year ended 31-12-2019 — Loose tools manufactured: Rs. 1,000

    (revalued on 31-12-2019: Rs. 6,000)

    Year ended 31-12-2020 — Loose tools manufactured: Rs. 1,500

    (revalued on 31-12-2020: Rs. 5,100)

    The value as on 31-12-2020 is after considering the sale of old tools of the book value Rs. 1,200 (as on 31-12-2020) for Rs. 950.

28. From the following balances prepare Debtors' Ledger Adjustment Account in the Nominal Ledger:

		Rs.
Jan. 1, 2021	Balance of Sundry Debtors	40,000 (Dr.)
	Balance of Sundry Debtors	2,000 (Cr.)

	Balance of Sundry Creditors	37,000 (Cr.)
	Balance of Sundry Creditors	1,000 (Dr.)
	Transactions for January:	
	Cash and cheque received	1,40,000
	Cash paid to creditors	1,20,000
	Credit sales as per sales book	2,00,000
	Credit purchases	1,50,000
	Discount allowed	6,000
	Discount received	3,500
	Bad debts written off	3,000
	Bills receivable received	20,000
	Bills payable accepted	5,000
	Bills receivable discounted	2,000
	Transfer from Debtors 'Ledger to Creditors' Ledger	1,000
	Transfer from Creditors 'Ledger to Debtors' Ledger	1,200
Jan. 31	Balance of debtors	6,000 (Cr.)
	Balance of creditors	2,500 (Dr.)

29. P purchases a motor bike from Q whose cash price is Rs. 56,000 on January 1, 2018. Rs. 15,000 is paid at signing of the contract and the balance is to be paid in three equal instalments of Rs. 15,000 each. The rate of interest is 5% per annum.

Calculate the amount of interest included in each instalment.

30. David and Sons sells goods on hire purchase basis at a profit of 50% on cost. Their transactions for the year 2020 are given as follows:

	Rs.
Hire Purchase stock (at selling price) on 1-1-2020	9,000
Instalments due on 1-1-2020	5,000
Goods sold on hire purchase during the year (at selling price)	87,000
Goods received from hire purchase customers	60,000
Goods repossessed (instalments due Rs. 2,000) valued at	500
Hire purchase stock as on 31-12-2020 (Hire purchase price)	30,000

Instalments due on 31-12-2020	9,000
Hire expenses	500

Prepare Hire Purchase Trading Account showing the profit.

31. S.S. Jalaganga commenced a voyage on June 1, 2020 from Mumbai to New York and back. The voyage was completed on July 31, 2020. It carried a consignment of handloom textiles on its outward journey and wheat on its return journey. The ship was insured at an annual premium of Rs. 24,000. From the following particulars, draw up the Voyage Account: port charges Rs. 5,000; coal Rs. 30,000; wages and salaries Rs. 50,000; stores purchases Rs. 8,600; sundry expenses Rs. 5,500; depreciation (annual) Rs. 96,000; freight earned (out) Rs. 1,30,000; freight earned (return) Rs. 70,000.

Address commission 5% on outward and 4% on return freight. Passage money received Rs. 10,000.

Primage is 5% on freight. The manager is entitled to a 5% commission on the profit earned, after charging such a commission. Stores and coal on hand were valued at Rs. 3,000 on July 31.

(6 × 4 = 24 Marks)

SECTION – D

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

32. Discuss in detail the different types of accounting errors.

33. The following is the Trial Balance of Mr. M. Muthu on 31st March, 2021:

Cash in Hand	540	
Cash at Bank	12,630	
Purchases Account	1,40,675	
Sales Account		2,58,760
Returns Inwards Account	2,680	
Returns Outwards Account		1,500
Wages Account	20,480	
Fuel and Power Account	4,730	
Carriage on Sales Account	3,200	
Carriage on Purchases Account	2,040	
Stock Account (1st April, 2020)	25,760	

Building Account	30,000	
Freehold Land Account	20,000	
Machinery account	20,000	
Patent Account	7,500	
Salaries Account	15,000	
General Expenses Account	13,000	
Insurance Account	600	
Drawings Account	15,245	
Capital Account		82,000
Sundry Debtors	14,500	
Sundry Creditors		6,300
	3,48,580	3,48,580

Taking into account the following adjustments, prepare Trading and Profit and Loss Account for the year ended 31st March, 2021 and a Balance Sheet as on that date:

(a) Stock on hand on 31st March, 2021 is Rs. 26,800.

(b) Machinery is to be depreciated at the rate of 10% and patents at the rate of 20%.

(c) Salaries for the month of March, 2021 amounting to Rs. 1,500 were unpaid.

(d) Insurance includes a premium of Rs. 170 on a policy, expiring on 30th September, 2021.

(e) Wages include a sum of Rs. 2,000 spent on the erection of a two-wheeler shed for employees and customers.

(f) A provision for Bad and Doubtful Debts is to be created to the extent of 5 percent on Sundry Debtors.

34. Mr. Ram purchased a van for Rs. 42,000. Payment is made as Rs. 10,000 down and four instalments of Rs. 10,000 each at the end of each year. Interest is charged at 10% per annum. Buyer depreciates the van at 10% per annum on written down value method.

Ram after having paid the down payment and first instalment at the end of first year could not pay the second instalment and the hire vendor took possession of the van. The hire vendor after spending Rs. 1,280 on repairs of the van sold it for Rs. 31,000.

Show necessary ledger accounts in the books of Mr. Ram.

35. Jaipur Chemicals Ltd. supply their products in returnable containers. A container is invoiced to the customer at Rs. 40 but if it is returned within two months, a credit of Rs. 35 is given to the customer. A container costs the company Rs. 35 and its life is estimated at 6 years at the end of which the scrap value is likely to be Rs. 5. The following particulars are supplied to you:

	Nos.
Containers with customers (1-1-2020)	10,000
Containers in stock (1-1-2020)	14,000
Containers sent to customers during the year 2020	60,000
Containers returned by customers	63,000
Containers returnable	6,000
Containers purchased during the year	1,000
Containers condemned during the year, useful life being over	1,500

Amount realized by sale of condemned containers Rs. 8,000

Depreciation is to be provided on a straight line basis.

Prepare the Containers' Trading Account for the year and ascertain the profits or losses earned or incurred in the year.

(2 × 15 = 30 Marks)
