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SAINTS COLLEGE LIBRARY THIVANDRUM

Reg. No. : .....

Name : .....

Second Semester B.Com. Degree Examination, August 2018

First Degree Programme under CBCSS

Core Course II : CO 1242/CX 1241/CC 1242/HM 1241

FINANCIAL ACCOUNTING

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

(2014 Admn. Onwards)

Time : 3 Hours

Max. Marks : 80

SECTION – A

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

1. What is journalizing ?
2. Explain Trial Balance.
3. What do you mean by sectional balancing ?
4. What is going concern concept ?
5. What do you mean by rectification of errors ?
6. What is operating profit ?
7. Explain an accounting equation.
8. What is a Suspense Account ?
9. Explain an opening entry.
10. What do you mean by deferred revenue expenditure ?

(10×1=10 Marks)

P.T.O.

SECTION – B

Not to exceed **one** paragraph, answer **any eight** questions. **Each** question carries **2** marks.

11. Differentiate between a Journal and Trial Balance.

12. What is accrual basis of accounting ?

13. What is Double Entry System ? What are its advantages ?

14. Explain business entity concept.

15. What is capital reserve ?

16. Briefly explain straight line method of calculating depreciation.

17. Explain :

    a) Primage

    b) Address commission in voyage.

18. What is a debit note ?

19. What is returnable package ?

20. What is compensating error ? Give example.

21. What is compound entry ? Give example.

22. Explain Manufacturing Account. How it is different from Trading Account ?

(8×2=16 Marks)

SECTION – C

Not to exceed **120** words, answer **any six** questions. **Each** question carries **4** marks.

23. What are the differences between trade discount and cash discount ?

24. Distinguish between hire purchase and installment system.

25. What do you mean by depreciation ? What are the causes of depreciation ?

26. What are the difference between debit note and credit note ?

27. Rectify the following entries :

Pass necessary Journal Entries to rectify the following errors.

i) An amount of Rs. 2,000 withdrawn by the proprietor for his personal use has been debited to Trade Expenses Account.

ii) A purchase of goods from Nanthan amounting to Rs. 3,000 has been wrongly entered in the sales book.

iii) A credit sale for Rs. 1,000 to Santhanam has been wrongly passed through the purchase book.

iv) Rs. 1,500 received from Malhotra have been credited to Mehrotra.

28. X purchased second hand machinery on 1-2-2008 for Rs. 50,000 : paid Rs. 11,000 for its overhauling and Rs. 5,000 for its installation which was completed by 31-3-2008.

The company provides depreciation on its machinery at 15% per annum on diminishing balance method from the date it is put to use and closes its books on December 31 every year.

On 1-10-2009 a repair work was carried out on the machine and Rs. 5,000 were paid for the same.

The machine was sold on 31-10-2010 for a sum of Rs. 11,000 and an amount of Rs. 1,000 was paid as dismantling charges. Prepare Machinery Account from 2008 to 2010.

29. What do you mean by secret reserve ? Briefly explain the advantages and disadvantages of secret reserve.

30. The schedule of debtors did not agree with the balance in the Total Debtors Account. The following errors were discovered :

    i) A sale of Rs. 5,350 to Dutt & More was posted to their account as Rs. 5,530.

    ii) While carrying forward the total of a page in the Sales Book the figure of Rs. 1,03,400 was written as Rs. 1,04,300.

    iii) A discount of Rs. 250 allowed to Arhan & Bhim was not entered in the cash book but the account of the customer was debited with the amount.

    iv) Rs. 4,500 paid to Ali & Sons credited was found as credited to the account of Ali Bros in the Sales Ledger.

    v) Returns inwards of Rs. 2,500 from Rao & Co. was found entered in the Returns Outwards Book.

    vi) The credit balance in the account of M/s Bose & Ganguli brought forward from previous period Rs. 1,500 was found entered on the debit side.

    The total debtor showed a balance of Rs. 1,56,300 before the above mentioned errors were discovered. What was the total of the schedule of debtors then ? What is the figure after correction ?

31. Delhi Tourist Service Ltd. purchased from Maruthi Udyog Ltd. a motor van on 1st April, 2009 the cash price being Rs. 1,61,000. The purchase was on hire purchase basis, Rs. 50,000 being paid on the signing of the contract and thereafter Rs. 50,000 being paid annually on 31st March, for three years, interest was charged at 15% per annum. Depreciation was written off at the rate of 25% per annum on the reducing installment system. Delhi Tourist Service Ltd. closes its books every year on 31st March. Prepare the necessary Leger Accounts in the books of Delhi Tourist Service Ltd. **(6×4=24 Marks)**

SECTION – D

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

32. Briefly explain the concepts and conventions of accounting.

33. Mr. A, a shop keeper had prepared the following Trial Balance from the Ledger as on 31st March 1998.

	Dr.	Cr.
Purchases	3,10,000	
Sales		4,15,000
Stock of goods as on 1-4-1997	50,000	
Cash in hand	2,100	
Cash at bank	12,000	
Mr. A's Capital		2,88,600
Drawings	4,000	
Rates & Taxes	5,000	
Salaries	32,000	
Postage and Telephone	11,500	
Salesman's commission	35,000	
Insurance	9,000	
Furniture & Fittings	22,000	
Advertising	17,000	
Printing & Stationery	3,000	
Motor Car	48,000	
Bad Debts	2,000	

Cash Discount	4,000	
General Expenses	14,000	
Carriage Inwards	10,000	
Carriage Outward	22,000	
Wages	20,000	
Outstanding liability for expenses	11,000	
Sundry creditors		40,000
Sundry debtors	1,00,000	
Total	**7,43,600**	**7,43,600**

You are required to prepare Trading and Profit and Loss Account for the year ended 31st March 1998 and Balance Sheet on that date.

a) Cost of goods in stock as on 31st March 1998 Rs. 1,45,000.

b) Mr. A had withdrawn goods worth Rs. 5,000 during the year.

c) Printing and stationery expenses of Rs. 11,000 relating to 1996 – 97 accounting year had not been provided in that year but was paid in this year by outstanding liabilities.

d) Purchases include purchase of furniture worth Rs. 10,000.

e) Debtors include Rs. 5,000 bad debt.

f) Creditors include a balance of Rs. 4,000 to the credit of L.M. Corporation in respect of which it has been decided to settle with the party to pay only Rs. 1,000.

g) Sales include goods worth Rs. 15,000 sent to S.M. & Co. on approval and remaining unsold as on March 31, 1998. The cost of the goods was Rs. 10,000.

h) Provision for Bad Debts is to be created at 55 of sundry debtors.

i) Depreciate furniture and fittings by 10% and motor car by 20%.

j) The salesmen are entitled to a commission of 10% on total sales.

34. Madras Chemicals Ltd. supply their products in returnable drums which are charged at Rs. 20 each. Customers returning the drums within a month are credited with Rs. 18. The Company's procedure is to retain Rs. 18 in a Deposit Account till the expiry of the option period for return of drums.

The following are available from the book	**Nos.**
Returnable drums as on January 1, 1998	8,000
Drums in stock as on January 1, 1998	16,000
Drums purchased during 1998 at Rs. 15 per drum	20,000
Drums sent to customers during 1998	3,00,000
Drums return by customers during 1998	2,88,000
Drums returnable on December 31, 1998	15,000
Drums scrapped in 1998 – sold for Rs. 10,000	2,000

All drums as on December 31, 1997 and December 31, 1998 are to be valued at Rs. 10 each. All the amounts due in respect of drums have been collected from the customers. Show the Ledger Accounts for 1998 of a) Drum stock b) Drum trading.

35. What are the different types of errors ? Explain each error with example.

(2×15=30 Marks)