Reg. No. : .....

Name : .....

Second Semester B.Com. Degree Examination, May 2020

First Degree Programme Under CBCSS

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

FINANCIAL ACCOUNTING

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

(2018 Admission Onwards)

Time : 3 Hours Max. Marks : 80

SECTION – A

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

1. Define accounting
2. What is Ledger?
3. What is a debit note?
4. What is trade discount?
5. What is an opening entry?
6. What do you mean by fixed assets?
7. What is a balance sheet?

8. What are bonus shares?

9. What is hire Purchase?

10. What is address commission?

(10 × 1 = 10 Marks)

SECTION – B

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

11. Distinguish between Journal and Ledger.

12. Name any two objectives of preparing the Trial Balance.

13. What do you understand by wasting assets? Give an example.

14. What do you mean by diminishing balance method of providing depreciation?

15. Give a brief account of returnable packages.

16. Journalise the following transactions in the books of Sri. P.N. Muthayya of Coimbatore

2019 March 1	Commenced business with Rs. 2,00,000
2019 March 4	Purchased goods for cash for Rs. 50,000 at 5% trade discount.
2019 March 9	Paid carriage Rs. 500
2019 March 11	Purchased machinery for Rs. 75,000

17. On January 1, 2020 the position of Mrs. Bindu Das was as follows:

Stock on hand, Rs. 10,000; Owing to Creditors, Rs. 8,000; Owing from Debtors, Rs. 20,000; Building at cost, Rs. 80,000; Bank Overdraft, Rs.32,000; Loan to Mr. Das, Rs. 20,000; Investments (Govt. Bonds), Rs. 15,000; Cash in hand, Rs. 4,000.

What was the amount of Bindu Das' capital on this date? Construct journal entry to open her books.

18. Journalise the following transactions of a trader:

(a) January 1, 2020 Sold goods to Hashmi on credit Rs. 6000.

(b) January 11, 2020, Hashmi became insolvent and could pay only 50% of the amount.

19. What adjustments are required to be made in the books for the following? Goods in stock worth Rs.1,100 are destroyed by fire. Insurance company accepts the claim of Rs. 800.

20. Pass necessary journal entries for the following adjustments:

(a) Depreciation at 5% is to be charged on Plant and Machinery standing in the books at Rs. 50,000.

(b) Insurance unexpired Rs. 2,000.

21. Show the personal account of Mr.Kutty and Company from the following transactions:

1-1-2019	Opening balance (Credit).
10-1-2019	Purchased from them goods for Rs. 1,000 and was allowed trade discount 5%.
15-1209	Returned to them goods worth Rs. 40.
23-1-2019	Accepted a bill drawn by them for Rs. 200.
31-1-2019	Paid cash in full settlement and was allowed Rs. 20 cash discount.

22. A trader intends to take a loss of profit policy with indemnity period of 6 months; however, he could not decide the policy amount. From the following details, suggest the policy amount:

	Rs.
Turnover in last financial year	4,50,000
Standing charges in last financial year	90,000

Net profit earned in last year was 10% of turnover and the same trend expected in subsequent year.

Increase in turnover expected 25%.

To achieve additional sales, trader has to ihcur additional expenditure of Rs. 31,250.

(8 × 2 = 16 Marks)

SECTION – C

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

23. What are the differences between a trial balance and a balance sheet?

24. Define depreciation. Why is it necessary to provide depreciation?

25. Distinguish between Hire Purchase and Instalment Payment.

26. From the following figures, you are required to prepare:

    (a) Provision for Doubtful Account; and

    (b) Bad Debts Account

January 1, 2019	Provision for Bad Debts	Rs. 2500
December 31, 2019	Bad Debts	Rs. 1870
	Debtors	Rs. 20,000

27. On 1st January, 2017 A Ltd. acquired a machine of which the cash price was Rs. 25,800. The purchase of machine was financed by X Finance Corporation to whom Rs. 4,000 was payable by A Ltd. on 1st January, 2017 and installments of Rs. 8,000 on 31st December, 2017, 2018 and 2019 respectively. The rate of interest was 5% p.a. On 1st January, 2019, the machine was sold for Rs. 17,200 and the debt of X Finance Corporation was discharged on the date.

    Show the account of X Finance Corporation in A Ltd's ledger.

28. From the following details prepare the Profit and Loss Account of Messrs John and Sons for the year ending 31st March 2019.

	Rs.
Salaries	86,000
Discount allowed	4,200
Discount received	5,000
Bad debts	17,000
Printing and stationery	1,400
Depreciation	15,000
Insurance	11,500
Carriage outward	3,100
Interest received	6,700
Rent paid	24,000

Gross profit transferred from Trading Account – Rs. 1,97,500.

29. On 31st January, 2019 X purchased for cash from Y four 6% Rs. 100 Debentures of Mehta Ltd at Rs. 110.50% cum-interest; interest being payable on 1st June and 1st December each year.

How will you record the transactions in the books of X if each party had to pay bank commission of 25 paisa percent on face value?

30. From the following particulars prepare Containers Stock Account for the year 2019:

	Nos.		Nos.
Opening stock @ Rs. 4 each:			
On hand	10,000	Containers sold as scrap (for Rs. 700)	1,000
With customers (all returnable)	25,000	Containers destroyed	500
Purchases during the year @ Rs. 5 each	30,000	Containers with customers at end	20,000
Containers sent out during the year	50,000	Cost of repairs to cases Rs. 200	
Containers returned by customers	45,000		

Containers are valued in the books at cost and are charged out to customers at Rs. 8 each, and credited at Rs. 6 each, if returned within the stipulated time.

31. A seller sells goods on hire purchase adding 60% to cost. From the following particulars prepare hire purchase trading account and ascertain profit or loss made by him:

		Rs.
2019 January, 1	Stock with customers at selling price	21,600
2019 December 31	Goods sold on hire purchase during the year at selling price	87,120
	Cash received during the year	57,720
	Stock with customer at selling price	48,000
	Installments due but not received	5,000

(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. From the following figures extracted from the books of Mr. Y.V.Bhushan you are required to prepare a Trading and Profit and Loss account for the year ended 31st December, 2019 and a Balance Sheet as on that date after making necessary adjustments

Debit balances	Rs.	Credit Balances	Rs.
Purchases	1,20,500	Capital	52,000
Stock on 1st January	21,500	Sales	1,86,000
Salaries	14,000	Sundry debtors	10,900
Rent and rates	3,000		
Insurance	800		
General expenses	3,100		
Wages	25,000		
Machinery	31,000		
Sundry debtors	20,000		
Cash at bank	3,000		
Drawings	7,000		

Adjustments:

(1) Salaries for the month of December still unpaid Rs. 1,600.

(2) Insurance prepaid to the extent of Rs. 250.

(3) Depreciate machinery by 10%.

(4) Closing stock was valued at Rs. 26,000.

34. Due to a fire in the godown of a company on 30th September, 2019, the entire stock was burnt except some stock costing Rs. 70,000. The books were, however, saved.

From the information available, it was found that

(a) The company's average gross profit was 25% on sales.

(b) The stock on 31st March, 2019 valued at 10% above cost was Rs. 2,20,000.

(c) The purchase and sales from 1st April, 2019 upto the date of fire were Rs. 3,00,000 and 6,80,000 respectively.

(d) The wages for the period amounted to Rs. 1,44,000.

(e) The company got the stock insured for Rs. 1,20,000.

(f) The policy had an average clause.

You are required to prepare a statement showing the amount of stock lost by fire and the amount of claim to be lodged with the insurance company.

35. On 1st January, 2016, machinery was purchased by X for Rs. 50,000. On 1st July, 2017, additions were made to the extent of Rs. 10,000. On 1st April, 2018, further additions were made to the extent of Rs. 6,400. On 30th June, 2019, machinery, the original value of which was Rs. 8,000 on 1st January, 2016, was sold for Rs. 6,000. Depreciation is charged at 10% p.a. on original cost.

Show Machinery Account for the years from 2016 to 2019 in the books of X. X closes his books on 31st December.

(2 × 15 = 30 Marks)