

B.Com. DEGREE (CBCSS) EXAMINATION, NOVEMBER 2010**Third Semester****Core Course 8 — FINANCIAL ACCOUNTING**

(Common for Model I, Model II and UGC Sponsored B.Com. Degree Programmes)

Time : Three Hours

Maximum Weight : 25

*Answers may be written either in English or in Malayalam. **

Section A

This section consists of four bunches of four questions each.

Each bunch carries a weight of 1.

Answer all questions.

I. Choose the correct answer from the choices given :

1 AS-4 stands for :

- (a) Valuation and presentation of inventories.
- (b) Depreciation Accounting.
- (c) Accounting for Leases.
- (d) Accounting for Taxes.

2 Return outwards appearing in Trial Balance are deducted from :

- (a) Sales. (b) Closing stock. (c) Purchases. (d) Return Inwards.

3 Goods sold for cash is an example of :

- (a) Loss. (b) Liability. (c) Revenue. (d) Expenses.

4 Which of the following is a non-current liability ?

- (a) Loan. (b) Debtors. (c) Stock. (d) Prepaid insurance.

II. Fill in the blanks :

5 The capital account generally has ———— balances.

6 Overcasting of purchases journal would affect ———— account.

7 Sales to Ravi Rs. 500 posted to his account as Rs. 50 would affect ———— account.

8 Expenditure incurred by a publisher for acquiring copyright is an example of ———— expenditure.

III. State whether the following statements are True or False :

9 When goods are supplied by the H.O. but not received by the Branch, Goods in Transit Account is credited ?

10 Purchase day book is kept to record all purchase of goods.

Turn over

- 11 As-2 stands for valuation of inventories.
- 12 The difference between the cost price and invoice price of consignment stock at the end is debited to stock reserve account.

IV. Match the following :—

- | | |
|------------------------|-------------------------|
| 13 Balance Sheet | (a) Journal. |
| 14 Consignment account | (b) Account. |
| 15 Sales Day Book | (c) Debtors system. |
| 16 Branch | (d) Position statement. |
| | (e) Nominal account. |
| | (f) Short workings. |

(4 × 1 = 4 weight)

Section B

*Answer any five questions.
Each question carries a weight of 1.*

- 17 Explain "Timelines principle".
- 18 Write short note on "Going Concern Concept".
- 19 Define Gross profit and Net profit.
- 20 Explain "Deferred Revenue Expenditure".
- 21 State any four defects of single-entry system of book-keeping.
- 22 What is meant by "Pro forma invoice" ?
- 23 What is "dead rent" ?
- 24 Give adjustment entries for the following :—
 - (a) Closing stock.
 - (b) Outstanding expenses.

(5 × 1 = 5 weight)

Section C

*Answer any four questions.
Each question carries a weight of 2.*

- 25 Explain in brief the different accounting systems.
- 26 Distinguish between Consignment and Sales.
- 27 Write a short note on stock and debtors system.
- 28 On 1st January 2006, the National Mines leased some land for a minimum rent of Rs. 3,000 for the first year, Rs. 5,000 in the second year and thereafter Rs. 10,000 p.a. merging into a royalty of 50 paise per ton with power to recoup shortworkings over two years after occurring of shortworkings. The outputs were as follows :

2006	—	3000 tons
2007	—	8600 "
2008	—	22000 "
2009	—	50000 "

Show how the accounts would appear in the books of National Mines.

29 From the following find out the amount of total sales made during the year 2009 :—

	Rs.
B/R encashed during 2009	... 19,000
Cash received from debtors during 2009	... 15,000
Balance of B/R on 1st Jan. 2009	... 6,000
Balance of BR on 31st Dec. 2009	... 7,000
Balance of debtors on 1st Jan. 2009	... 19,500
Balance of debtors on 31st Dec. 2009	... 15,000
Bad debts writtenoff	... 200
Return inwards	... 300
BR dishonoured	... 1,000
Cash sales	... 8,000

30 During the year ended 31st Dec. 2009, a firm suffered the following losses. Explain how you would treat them in the accounts on 31-12-2009 :

- Stock lost by fire Rs. 7,500 (not insured).
- A machinery of the value of Rs. 10,500 was discarded, being totally out of order.
- A portion of buildings worth Rs. 6,000 sold at Rs. 4,800.
- Goods stolen from store worth Rs. 10,000 and the insurance company admitted the claim of Rs. 7,500.

(4 × 2 = 8 weight)

Section D

Answer any two questions.

Each question carries a weight of 4.

31 From the following Trial Balance, prepare Trading and Profit and Loss Account for the year ended 31st Dec. 2009 and Balance Sheet as on that date :

	Dr. Rs.	Cr. Rs.
Stock on 1st January 2009	... 46,000	
Purchase and Purchase returns	... 1,50,200	600
Cash in hand and at Bank	... 26,060	
Freehold premises	... 38,600	
Incidental expenses	... 840	
Printing and Stationery	... 1,640	
Professional charges	... 280	
Commission	... —	3,300
Investment as on 1st Jan. at 10 %	... 4,000	
Interest on above	... —	200
Debtors and Creditors	... 36,000	29,670
Wages and Salaries	... 39,000	
Capital	... —	1,14,000

Turn over

	Rs.	Rs.
Income-tax ...	1,600	
Discount ...	6,300	4,600
Sales returns and sales ...	550	2,08,950
Bills Receivable ...	3,200	
Furniture ...	3,050	
Rent, Rates and Insurance ...	4,000	
	<u>3,61,320</u>	<u>3,61,320</u>

Adjustments :

- (a) Provide for wages Rs. 5,000 and Rent accrued Rs. 500.
 - (b) Writeoff 5 % depreciation on Freehold premises and 10 % on furniture.
 - (c) Insurance to the amount of Rs. 200 relates to 2010.
 - (d) Stock on 31st Dec. 2009 is Rs. 52,000.
 - (e) Charge interest on capital at 5 % p.a.
- 32 Excel Tea Makers consigned 2000 boxes of tea costing Rs. 500 per box to Ravi Traders Patna at an invoice price of Rs. 600 per box. During transit, 100 boxes were destroyed by fire and claim was admitted by Insurance Company for 3/4 of the loss. The expenses of consignment prior to loss were Rs. 20,000 and after loss were Rs. 39,000 of which Rs. 19,000 were of non-recurring nature. The commission and selling expenses were Rs. 8,000. An account sales was received for 1100 boxes showing gross sales proceeds of Rs. 14,00,000.
- Show consignment account and abnormal loss account in the books of the Excel Tea Makers.
- 33 A H.O. in Bombay has a branch in Trivandrum to which goods are invoiced by the H.O. at cost price plus 25 %. All cash received by the branch is daily remitted to the H.O. All expenses are paid from Bombay. From the following particular, prepare Branch account in the H.O. books.

	Rs.
Stock on 1st July 2010 (at invoice price) ...	12,500
Debtors on 1st July 2010 ...	12,000
Goods invoiced from Bombay ...	40,000
Remittances to Bombay :	
Cash sales ...	16,000
Cash received from debtors ...	<u>29,000</u>
Goods returned to H.O. ...	2,400
Cheques received from Bombay :	
Wages and Salaries ...	11,000
Rent, rates etc. ...	3,000
Sundry expenses ...	<u>510</u>
Stock on 30th Sep. 2010 (invoice price) ...	15,000
Debtors on 30th Sep. 2010 ...	22,500

(2 × 4 = 8 weight)