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(Pages : 4)

Reg. No.....

Name.....

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, OCTOBER 2011

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 bunch carries a weight of 1.

Answer all questions.

Bunch I

I. Choose the correct answer from the choices given :

- 1 Heavy legal expenses to defend a suit is an example of :
(a) Capital expenditure. (b) Deferred revenue expenditure.
(c) Revenue expenditure. (d) None.
- 2 Identify the transaction of which double entry is complete is incomplete records :
(a) Collection from debtors. (b) Depreciation.
(c) Sale of machinery. (d) Salary paid.
- 3 Which of the following is a fictitious asset :
(a) Goodwill. (b) Preliminary expense.
(c) Machinery. (d) Cash.
- 4 Carriage outwards is shown in :
(a) Trading account. (b) P/L account.
(c) Balance Sheet. (d) None.

Bunch II

II. Fill in the blanks :

- 5 Closing stock is valued at ———— which ever is less.
- 6 Commission paid to the consignee to make him accountable for bad debt is ————.
- 7 Given sales as 20,000 and percentage of profit on cost as 25 % profit will be ————.
- 8 The documentary evidence for purchase return is ————.

Turn over

Bunch III

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

- 9 Painting expenses of an existing building is revenue.
- 10 Incorrect provision for doubtful debt is an example of compensating error.
- 11 There is no system of accounting called single entry.
- 12 Credit sales by branch is credited to branch account.

Bunch IV

IV. Match the following :—

- | | |
|------------------|--------------------------|
| 13 Account sale | (a) Sales. |
| 14 Free samples | (b) Consignment Account. |
| 15 Royalty | (c) Personal Account. |
| 16 Loan from SBI | (d) Nominal Account. |

(4 × 1 = 4)

Section B

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

- 17 State two limitations of financial accounting.
- 18 What is deferred revenue expenditure ?
- 19 Explain "Going concern concept".
- 20 Pass rectifying entry — sale of machinery Rs. 20,000 credited to sales account.
- 21 What is post closing trial balance ?
- 22 How do you deal with the following in final accounts (a) Royalty paid ; (b) Lease rentals of machine ; (c) Wages paid to instal machinery ?
- 23 Give two examples for transactions where no entry is made in the books under single entry.
- 24 How do you value goods lost abnormally in Consignment Account ?

(5 × 1 = 5)

Section C

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

- 25 Explain with suitable examples (a) error of omission ; (b) error of principal ; (c) compensatory errors.
- 26 Distinction between Balance Sheet and Statement of affairs.
- 27 Give entries (a) Cost of abnormal loss Rs. 20,000 80% of which is covered by insurance ; (b) Goods taken by proprietor for personal use.

- 28 While finalising accounts the difference of Rs. 14,800 being excess debit in the trial balance was transferred to the Suspense Account. Later some errors were discovered — Pass entries and show Suspense Account.
- Rs. 5,400 received from M was posted to the debit of his account.
 - Rs. 1,000 being purchase return was debited to purchase account.
 - Discount of Rs. 2,000 received posted to the debit of discount account.
 - Rs. 3,740 paid for repairs debited to car account as 1,740.
- 29 J consigned 100 cases of product X to M which cost him Rs. 30 per case. He incurred the following costs : Packing Rs. 40, Carriage Rs. 20, Freight Rs. 40, some of the cases were damaged in transit, and M took delivery of 90 cases only. M spent Rs. 10 for cartage and Rs. 40 for rent, and sold the consignment at Rs. 35 per case. He sent the net amount to J after deducting expenses and commission of 5 % on sales proceeds. Show the account of M.
- 30 From the following figures drawn from single entry records, calculate total purchases :
- | | Rs. |
|---------------------------------------|--------|
| (a) Op. balance of bills payable ... | 5,000 |
| (b) Op. balance of creditors ... | 6,000 |
| (c) Clo. balance of bills payable ... | 7,000 |
| (d) Clo. balance of creditors ... | 4,000 |
| (e) Cash paid to creditors ... | 30,200 |
| (f) Bills payables discharged ... | 8,900 |
| (g) Return outwards ... | 1,200 |
| (h) Cash purchases ... | 25,800 |

(4 × 2 = 8)

Section D

Answer any two questions.

Each question carries a weight of 4.

- 31 From the following balances prepare Trading and Profit and Loss Account for the year ended 31-12-2010 and a Balance Sheet on that date :

	Rs.		Rs.
Capital ...	30,000	Cash ...	3,418
Purchase ...	35,640	Creditors ...	3,920
Rent ...	700	Bills payable ...	2,690
Furniture ...	500		
(including purchase of 200 on 30th June)			
Bills receivable ...	3,560	Trade charges ...	460
Debtors ...	17,078	Sales ...	29,360
Return outwards ...	1,756	Drawings ...	2,600
Rent outstanding ...	160 (Cr.)		
Interest ...	270 (Cr.)		
Salary ...	1,200		
Return inwards ...	2,460		

Turn over

Additional Information :

- (a) Stock at the end was valued at 12,800.
 - (b) Depreciate furniture by 10 % p.a.
 - (c) Provide doubtful debts at 5 % on Debtors.
 - (d) Goods costing 500 was used by the owner.
- 32 On 1st January 2008 M Ltd. leased a piece of land for mining of clay for a minimum rent of Rs. 2,000 in the 1st year Rs. 4,000 in the second year and thereafter Rs. 6,000 p.a. merging into a royalty of 25 Ps per tonne with power to recoup short working over the 1st three years only. The annual output for the four years ending with 31st December was 2000, 12,000, 32,000 and 48,000 tons respectively. Show the accounts in the books of M Ltd.
- 33 Explain the need and method of classification of expenses and receipts into capital and revenue in financial accounting.

(2 × 4 = 8)