

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, OCTOBER 2012**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 4 bunches of 4 questions each.

Each bunch carries a weight of 1.

I. Choose the correct answer from the choices given :

- 1 A machine of the book value of 5,000 was sold off for Rs. 3,000 and a new machine of the value of 4,000 was acquired. What is capital expenditure ?
 - (a) 4,000.
 - (b) 5,000.
 - (c) 2,000.
 - (d) 3,000.
- 2 Carriage inwards is shown in :
 - (a) Trading Account.
 - (b) Profit and Loss Account.
 - (c) Balance Sheet.
 - (d) P/L appropriation Account.
- 3 Single entry is a system where :
 - (a) Only one aspect is recorded.
 - (b) Recording as per convenience.
 - (c) Only Profit and Loss Account is prepared.
 - (d) None.
- 4 Which of the following is a contingent liability ?
 - (a) Creditors.
 - (b) Salary o/s.
 - (c) Damages payable to the consumer.
 - (d) Debentures.

II. Fill in the blanks :

- 5 _____ is prepared to find out financial position in single entry.
- 6 Additional Commission paid over normal commission to the consignee is called _____.

Turn over

7 Given the opening and closing capitals as 20,000 and 40,000 respectively and drawings Rs. 5,000. The profit will be ———.

8 The documentary evidence of sales return is ———.

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

9 Wages spent on installation of machinery is a capital expenditure.

10 Repair to building debited to buildings account is an example of compensating error.

11 Outstanding expense is a current liability.

12 Consignment Account is a Nominal Account.

IV. Match the following :—

13 Current liability — Consignment Account.

14 Statement of Affairs — Short working.

15 Del-Credre Commission — Single entry.

16 Royalty — Outstanding Commission

(4 × 1 = 4)

Section B

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

17 Define Accounting.

18 What is revenue expense ? Give an example.

19 Describe "Cost Concept" in Accounting.

20 Credit purchase of goods worth Rs. 1,600 from "H" was wrongly entered through return outward book—Rectify the error.

21 Distinguish between Net Profit and Gross Profit.

22 Mention two limitations of single entry.

23 Give entry for recovery of Loss from Insurance Company.

24 What is del-credere Commission ?

(5 × 1 = 5)

Section C

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

25 What are accounting conventions—explain ?

(a) Convention of materiality.

(b) Convention of Conservatism.

26 Give Journal entries :

- (a) Cost of Asset lost by fire amounted to Rs. 20,000—80 % of the cost is covered by Insurance.
- (b) Dress materials worth Rs. 20,000 taken by proprietor from his shop.

27 Explain the following with reference to royalty accounting :

- (a) Minimum rent.
- (b) Short working.
- (c) Recoupment of short working.

28 While finalising accounts the difference of Rs. 325 being excess credit in the trial balance was transferred to the suspense account. Subsequently the following errors were discovered—Pass Journal entries and show Suspense Account.

- (a) Credit Sale of Rs. 100 to L has been credited to his account.
- (b) Sum of Rs. 50 received from B has been credited to his account as 15.
- (c) Purchase return book overcast by 50.
- (d) Discount column of the credit side of cash book overcast by Rs. 10.
- (e) Rent of 80 paid to Landlord debited to Landlords account.
- (f) Sum of 50 paid for commission credited to commission account.

29 "J" consigned 100 cases of product "X" to "M" which cost him 30 per case. He incurred the following costs : Packing Rs. 40, Carriage Rs. 20 and Railway 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. "J" received Rs. 80 from railway as damages. Prepare "Consignment" Account.

30 From the following figures from the Single entry records, calculate total sales for the year 2010 :—

		Rs.
1	Bills receivable (Opening balance) ...	7,800
2	Debtors (Opening balance) ...	30,800
3	Bills receivable encashed ...	20,900
4	Cash received from Debtors ...	70,000
5	Bad debts ...	2,800
6	Return inwards ...	8,700
7	B/R dishonored ...	1,800
8	Bills receivable (Closing balance) ...	6,000
9	Debtors (Closing balance) ...	25,500
10	Cash sales ...	40,900

(4 × 2 = 8)

Turn over

Section D

Answer any **two** questions. Each question carries a weight of 4.

- 31 Books of a Single Entry Trader reveals the following relating to the year ending 31-12-2010.

Cash Abstract

	Rs.		Rs.
1. Collection from customers ...	60,000	1. Overdraft (on 1-1-2010) ...	7,400
2. Capital introduced ...	5,000	2. Paid to Creditors ...	25,000
		3. Business Expense ...	10,000
		4. Wages ...	15,500
		5. Drawings Account ...	3,000
		6. Closing Balance of Cash at Bank ...	4,000
		7. Cash in hand ...	100
Total	65,000	Total	65,000

Additional Information :

	on 1-1-2010	on 31-12-2010
	Rs.	Rs.
1. Debtors ...	53,000	88,000
2. Creditors ...	15,000	19,500
3. Stock ...	17,000	19,000
4. Machinery ...	20,000	20,000
5. Furniture ...	1,400	1,400

Prepare Trading and Profit and Loss Account for the year ending 31-12-2010 and a Balance Sheet on that date after providing depreciation on machinery and furniture at 10 % and 5 % respectively per annum.

- 32 "M" sends a consignment of cutting equipments to "R" and charges proforma invoice so as to show a profit of 25 % on cost. The agent received a commission at 5 % on all sales plus 3 % del credere on credit sale.

During the year ending 31-12-2010 "M" had the following transactions with "R".

- Proforma invoice price of 200 equipments consigned to "R". Rs. 50,000
- Freight and Insurance paid by M — Rs. 1,500.
- Advance received from "R" Rs. 20,000
- Sales made by "R".
 - 80 equipments for cash ... Rs. 21,500
 - 100 equipments for credit ... Rs. 28,000
- Selling expenses met by "R" Rs. 2,500.
- Bad debts Rs. 2,000.
- Agent remitted the Balance due.

Prepare Consignment Account.

- 33 Describe briefly about the concepts and conventions of Financing Accounting.

(2 × 4 = 8)