

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, OCTOBER 2013**Third Semester****Core Course—FINANCIAL ACCOUNTING**

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

Time : Three Hours

Maximum Weight : 25

*Answers may be written either in English or in Malayalam.***Section A***Answer all questions.**Each bunch of four questions carries a weight of 1.***I. Choose the correct answer from the choices given :**

- 1 Overcasting of purchase journal would affect :
(a) Sales a/c. (b) Purchase a/c.
(c) Supplies a/c. (d) None of these.
- 2 Goods worth Rs. 10,000 taken by the proprietor for personal use should be credited to :
(a) Expense a/c. (b) Sales a/c.
(c) Purchase a/c. (d) Drawings a/c.
- 3 As-2 stands for :
(a) Depreciation. (b) Valuation of inventory.
(c) Leases. (d) Cash flow statement.
- 4 The book which all accounts of the firm are maintained is known as :
(a) Cash book. (b) Ledger.
(c) Journal. (d) Day book.

II. Fill in the blanks :

- 5 The revenue and expenses accounts are closed by transferring the balance to _____.
- 6 Goods sold on credit Rs. 5,000 is the example of _____.
- 7 _____ system of accounting do not follow any uniform principles for recording transactions.
- 8 Goods sent on consignment is debited to _____ account.

III. State whether the following are True or False :

- 9 The balance of liability accounts are always debit balances.
- 10 Trade discount is not recorded in the books of account.
- 11 Expenditure incurred by a publisher for acquiring copyrights is a deferred revenue expenditure.
- 12 Under Debtors system, the HO opens one Branch account to record various transactions with the branch.

Turn over

IV. Match the following :—

- | | |
|--|-----------------------------|
| 13 Freight paid on purchase of raw materials | (a) Royalty. |
| 14 Expenditure incurred on research | (b) Consignee to consignor. |
| 15 Dead rent | (c) Revenue expenditure. |
| 16 Account sales | (d) Consignor to consignee. |
| | (e) Capital expenditure. |
| | (f) Branch account. |

(4 × 1 = 4)

Section B

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

- 17 What is dual aspect concept ?
- 18 What is Dead rent ?
- 19 Distinguish between Capital expenditure and Revenue expenditure.
- 20 What are cash-in-transit and goods-in-transit ?
- 21 Define Consignment.
- 22 What do you understand by Del credere Commission ?
- 23 Explain "short working".
- 24 Give adjustment entries for the following :
 - (a) Income received in advance.
 - (b) Provision for Doubtful debts.

(5 × 1 = 5)

Section C

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

- 25 Explain the "golden rule" of accounting.
- 26 Distinguish between Trial Balance and Balance Sheet.
- 27 What are the advantages of Setting Accounting Standards ?
- 28 The following is the extract from the Trial Balance of Mr. X as on 31st Dec. 2009 :—

	Dr. (Rs.)	Cr. (Rs.)
Bad debts ...	4,000	
Sundry debtors ...	1,50,000	
Provision for Doubtful debts ...	—	6,000

It is desired to maintain a provision of 5 % for Bad debts.

Prepare Bad Debts account and provision for Bad and Doubtful Debts Account.

- 29 Mr. Krishna of Bombay consigned goods of the value of Rs. 1,50,000 to their agent Mr. Gopal at Madras. Mr. Krishna paid freight, insurance and other charges Rs. 5,500 and drew a bill of exchange on Mr. Gopal for Rs. 1,30,000 at three months. The bill was discounted with the bankers at Rs. 1,28,500. Mr. Krishna received account sales of the consignment for Rs. 1,72,900 less agents commission Rs. 7,100 and a bank draft for the balance.

Pass journal entries in the books of Mr. Krishna and Gopal.

- 30 Mr. Ram of Cochin has a Branch at Trivandrum which sells goods for cash only. The following are the transactions between Branch Office and the HO for the year ended 31st Dec. 2009 :

	Rs.
Opening stock at 1st January 2009	... 2,00,000
Goods supplied to branch	... 5,00,000
Cash sent to branch for Rent	... 2,000
Cash sent to branch for other expenses	... 1,000
Cash received from branch during 2009	... 6,00,000
Closing stock at 31st Dec. 2009	... 1,50,000
Petty cash balance at 31st Dec. 2009	... 100

From the above, pass journal entries and prepare Branch account.

(4 × 2 = 8)

Section D

Answer any two questions.

Each question carries a weight of 4.

- 31 The following is the Trial Balance of Shri Laxmi Narayan as on 31st March 2010, prepare Trading and Profit and Loss Account and a Balance Sheet as on that date

	Dr.	Cr.
Capital	...	1,00,000
Buildings	... 15,000	
Drawings	... 18,000	
Furniture and Fittings	... 7,500	
Motor van	... 25,000	
Loan from Mr. A at 12 % interest	...	15,000
Interest paid on above	... 900	
Sales	...	1,00,000
Purchases	... 75,000	
Opening stock	... 25,000	
Establishment expenses	... 15,000	
Wages	... 2,000	
Insurance	... 1,000	
Commission	...	7,500
Debtors and Creditors	... 28,100	10,000
Bank balance	... 20,000	
	<u>2,32,500</u>	<u>2,32,500</u>

Turn over

Adjustments :

- (a) The value of closing stock on 31st March 2010 was Rs. 32,000.
- (b) Outstanding wages Rs. 500 and prepaid insurance Rs. 300.
- (c) Commission received in advance Rs. 800.
- (d) Allow interest on capital at 10 % p.a.
- (e) Depreciate building by 5 %, Furniture by 10 % and Motor van by 20 %.
- (f) Change interest on drawings Rs. 500.
- (g) Balance of interest due on the loan is also to be provided for.
- (h) Create a reserve for 5 % on Debtors as Reserve for bad and doubtful debts.

- 32 Mr. A owned certain patent rights. He granted a licence to M/s. B & Sons to use such rights on a royalty basis. The following are the relevant particulars :—

Year	Minimum Rent Rs.	Royalty earned Rs.
2005 ...	1,750	1,500
2006 ...	2,000	18,000
2007 ...	2,250	1,900
2008 ...	2,500	2,750
2009 ...	2,500	2,600

The deficiency of any year is to be set-off against excess payable within the next two years. Prepare necessary accounts in the books of M/s. B & Sons.

- 33 A Retail Traders keeps his books by single-entriysystem. His assets and liabilities were as under :

	1.1.2009 Rs.	31.12.2009 Rs.
Cash at Bank ...	4,000	
Debtors ...	2,000	3,000
Bank overdraft ...	—	2,000
Office equipment ...	2,000	2,000
Creditors ...	1,400	2,800
Furniture ...	4,000	2,000
Cash in hand ...	5,000	500
Expenses outstanding ...	—	400

The trader has withdrawn Rs. 500 per month for personal use. He had introduced Rs. 2,000 as additional capital on 15th August 2009. Provision for Bad and doubtful debts at 5 % on debtors is to be provided. Charge depreciation at 10 % on Furniture and Office Equipment. Ascertain the profit and loss for the year.

(2 × 4 = 8)