

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, OCTOBER 2015**Third Semester****Core Course VIII—FINANCIAL ACCOUNTING**

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

(2013 Admission onwards)

Time : Three Hours

Maximum : 80 Marks

PART A (Short Answer Questions)*Answer all questions.**Each question carries 1 mark.*

1. What is accrued income ?
2. What does AS-2 stand for ?
3. What do you mean by single entry system ?
4. Calculate profit or loss during the year ;
Capital at the beginning — 26,800, Capital at the end Rs. 37,000, Drawings during the period Rs.6,400, Additional capital brought during the year- Rs.4,800.
5. What do you mean by minimum rent ?
6. What is cash in transit ?
7. What is delcredere commission ?
8. What is abnormal loss ?
9. Define branch.
10. What is capital receipt ?

(10 × 1 = 10)

PART B (Brief Answer Questions)*Answer any eight questions.**Each question carries 2 marks.*

11. What is the adjustment entry for interest on drawings ?
12. Write a note on AS 4 and AS 5.
13. How is profit ascertained under incomplete records ?
14. Calculate Cost of goods sold, if Opening stock — 12,000, Purchases — 36,000 and Cost of goods sold — 48,000.
15. Give adjustment entries in the books of the Head Office for the following transactions when the Head Office closes its books of accounts on 31st March 2014 :
 - (a) Goods supplied to Chennai branch on 25th March but received by the branch on 8th April 2014, Rs. 1,50,000.
 - (b) Cheque sent by Chennai branch to Head Office on 28th March 2014, but Head Office received only on April 10th, Rs. 25,000.
16. Show the treatment of the following on preparing the Final accounts :
 - (a) Goods lost by fire for which insurance company admits a portion of the claim in full settlement.
 - (b) Erection charges on machinery debited in wages account.

Turn over

17. What do you mean by Grouping and Marshalling of Assets and Liabilities ?
18. Mention the limitations of incomplete records.
19. What is meant by short working ? Show the accounting treatment in the books of lessee.
20. What is an inter-branch transaction ? Give the journal entry in the book of Head Office for such transactions.
21. Differentiate consignment from sale.
22. A Head Office in Pune has two branches at Delhi and Calcutta. Delhi branch transferred goods worth Rs. 1,20,000 to Calcutta branch as per instructions from Pune. Give journal entries in the books of various parties.

(8 × 2 = 16)

PART C (Short Essay)*Answer any six questions.**Each question carries 4 marks.*

23. Differentiate branches from departments.
24. Why do consignors send goods at loaded price ? What are the adjusting entries to arrive at true profit ?
25. Mention the methods for calculating profit or loss from incomplete records ?
26. From the following details prepare Branch account in the books of Head Office :—

(a) Goods sent to Branch at cost	50,000
(b) Goods returned by branch at cost	3,000
(c) Branch credit sales	51,000
(d) Cash sales at branch	2,500
(e) Cash remitted to Head Office by branch	45,000
(f) Expenses paid by Head Office	10,000
(g) Discount allowed to customers by branch	1,800
(h) Closing stock with branch at cost	17,000
(i) Branch Debtors (Closing balance)	7,700
27. Give adjustment entries for the following items :

(a) Provide interest on drawings	Rs. 2,000
(b) Provision for bad and doubtful debts	Rs. 1,000
(c) Premium on insurance paid in advance	Rs. 750
(d) Commission received in advance	Rs. 5,000
28. Neann had a capital of Rs. 14,250 at the beginning of the year. At the end of the year she had Cash in hand Rs. 4,220. Cash at bank Rs. 3,300, Debtors Rs. 14,200, Stock Rs. 9,400, Furniture Rs. 4,000 and creditors Rs. 7,200. During the year she withdrew Rs. 1,500 for personal purpose and brought in Rs. 800 for additional capital. Calculate the profit made by Neann.
29. Explain the major accounts prepared under stock and debtors system.
30. G. Mehta consigns 100 radiograms to H. Singh. Each radiogram costs Rs. 8,000. G. Mehta pays the following expenses :

(a) Freight	1,000
(b) Insurance	400
(c) Carriage	500

 H Singh pays the following expenses :

Customs duty	2,000
Dock dues	500
Salary to salesman	500

Goods reached the godown of the consignee.

At the end of the year 25 radiograms required with H Singh. The market value of each radiograms is Rs. 850. You are required to calculate the value of stock lying with H Singh.

31. From the following data calculate the profit made by a trader in 2013 :—

Stock of goods on 1.1.2013	...	1,00,000
Net Purchases during the year	...	4,00,000
Purchase returns during the year	...	30,000
Sales during the year	...	6,00,000
Sales returns during the year	...	1,00,000
Stock of goods sold on 31.12.2013	...	1,50,000

(6 × 4 = 24)

PART D

*Answer any two questions.
Each question carries 15 marks.*

32. Meenakshi Ltd., leased a property from Mr. Anjali Ltd. on a royalty of Rs. 8 per ton with a minimum rent of Rs.24,000 each for the first three years and thereafter at Rs.32,000 per annum. Each year's excess of minimum rent over royalties was recoverable out of excess working of subsequent three years. The results of working of the property for the first five years were as follows :

Year	Actual Royalties in Rs.
2000	18,000
2001	20,000
2002	28,000
2003	33,000
2004	34,000
2005	38,000

Prepare the journal and ledger of Meenakshi Ltd. and Anjali Ltd.

33. AB Cycles Ltd. of Amristar sent on consignment 100 cycles costing Rs. 5,000 each invoiced at Rs.6,000 each to Venus cycles Cochin. AB cycles Ltd. paid Rs.10,000 toward packing, forwarding and insurance. 5 cycles were totally damaged in transit and insurance company paid Rs. 25,000 in full settlement of the claim.

Venus cycles took delivery of the rest paying customs duty etc. Rs.12,500. They sold 80 cycles at Rs. 6,200 each. Their expenses for godown rent etc. amounted to Rs.4,500.

Prepare the consignment account and the abnormal loss account assuming that the consignee is entitled to a selling commission at 15% on gross sales.

34. The following is the trial balance of Chandra Bose as on 31st December, 2013.

Particulars	Debit (Rs.)	Credit (Rs.)
Capital	...	16,000
Plant and Machinery (1.1.13)	20,000	...
Addition to Plant and Machinery (on 1.7.13)	10,000	...
Furniture	5,000	...
Debtors and Creditors	30,400	24,900
Purchases and sales	62,500	98,500
Opening stock	6,500	...
Salaries	3,500	...
General Expenses	6,200	...

Turn over

	Debit (Rs.)	Credit (Rs.)
Bad debts	800	
Provision for bad debts		1,000
Discount allowed	700	
Taxes and Insurance	1,800	
Loan		15,000
Motor vehicle	8,000	
	1,55,400	1,55,400

The following are the adjustments are to be made :

1. Stock in hand on closing is estimated at Rs. 9,500
2. Write off further Rs.40 as bad debts and provision for bad debts is to be made equal to 5% on debtors.
3. Provide 2% on debtors for discount.
4. Depreciate Plant and Machinery at 10% p.a.
5. Interest on loan at 12% is due for the whole year.

Prepare trading and profit and loss account for the year and a Balance Sheet as on 31st December 2013.

35. Fredi does not keep his books under double entry system. The following particulars are available from his books :

Assets and Liabilities		
	1st April 2013 (Rs.)	31st March 2014 (Rs.)
Debtors	12,200	14,600
Creditors	9,300	8,400
Bills receivable	4,200	3,100
Bills Payable	3,000	2,300
Stock	9,200	16,300
Furniture	6,000	6,000

Cash book of Fredi

For the year ended 31st March 2014 showed the following

Receipts	Amount (Rs.)	Payments	Amount (Rs.)
To Balance b/d (1.4.13)	2,100	By Purchases	39,500
To Sales	71,200	" Creditors	53,200
To Debtors	64,500	" Bills payable	14,600
To Bills receivable	18,300	" Wages	3,200
		" Business expenses	2,600
		" Drawings	8,000
		" Machinery	30,000
		" Balance c/d	5,000
	1,56,100		1,56,100

Prepare final accounts of Mr. Fredi after providing depreciation on furniture at 10% wages, Rs.600 and 5% provision for bad debts.

(2 × 15 = 30)