

C 81700

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Name.....

Reg. No.....

SECOND SEMESTER B.Com./B.B.A. DEGREE EXAMINATION, APRIL 2020

(CUCBCSS—UG)

B.Com.

BCM 2B 02—FINANCIAL ACCOUNTING

(2014 Admissions)

Time : Three Hours

Maximum : 80 Marks

Section A

Answer all questions.

1. In which book the transactions are recorded originally :
 - a) Cashbook.
 - b) Balance sheet.
 - c) Journal.
 - d) Subsidiary book.
2. _____ deals with the Valuation of inventories.
 - a) AS 4.
 - b) AS 6.
 - c) AS 10.
 - d) AS 2.
3. Statement of affairs is prepared to find out _____.
 - a) Profit.
 - b) Loss.
 - c) Capital.
 - d) Drawings.
4. Under the diminishing balance method depreciation _____.
 - a) Remain constant every year.
 - b) Increases every year.
 - c) Decreases every year.
 - d) None of them.
5. If the rate of gross profit is 20% on cost of goods sold and the sales is Rs. 1,00,000, the amount of gross profit will be _____.
 - a) Rs. 20,000.
 - b) Rs. 25,000.
 - c) Rs. 16,667.
 - d) Rs. 80,000.
6. _____ is the amount of cash or other assets withdrawn by the owner for his personal purpose.
7. Cost of installation on machinery purchased is a _____ expenditure.

Turn over

8. Petty expenses paid by the branch out of petty cash maintained on imprest system are shown on the _____ side of the branch account.
9. What do you mean by deferred revenue expenditure ?
10. What is a Memorandum trading account ?

(10 × 1 = 10 marks)

Section B*Answer any eight questions.*

11. Briefly explain the following :

- (a) Dual aspect concept.
- (b) Money measurement concepts.
- (c) Conservatism.
- (d) Materiality.

12. Distinguish between Reserves and Provisions.

13. Write short note on :

- (i) Receipts and Payments Account.
- (ii) Income and expenditure Account.

14. Briefly explain the following :

- (a) Single entry system.
- (b) Statement of Affairs.

15. What do you mean by Hire Purchase ? List out its features.

16. List some of the Revenue earning departments in a hotel.

17. From the following data, ascertain the amount of creditors as on 31-12-2018 :

Creditors as on 1-1-2018	...	20,000
Cash paid to Creditors	...	40,000
Purchases (including credit purchases of Rs. 50,000)	...	70,000
Bills Payable issued to Creditors	...	10,000
Returns outward	...	5,000
Discount allowed by creditors	...	2,000

18. Pass necessary journal entries in HO books :

1. Goods sent by HO on March 27 worth Rs. 6,000 to the Calicut branch not received by the branch till March 31.
2. Goods sent by Calicut branch to Kannur Branch for Rs. 9,000 have not yet been recorded.

19. Find out the value of provision for unrealized profit in the case of interdepartmental transfer :

	Dept. A	Dept. B
Goods transferred from Department A ...	—	4,000
Purchases ...	25,000	4,000
Sales ...	26,000	14,500
Closing stock ...	8,000	2,000
Gross profit ...	10,000	6,500

20. A hotel has 126 rooms in all, out of which 12 rooms are used for operational purposes and 4 rooms are occupied by the general manager and the departmental managers. If 88 rooms are occupied by the guests on 24th March 2019, calculate the room occupancy rate for the day.

(8 × 2 = 16 marks)

Section C

Answer any **six** questions.

21. Distinguish between Single Entry System and Double Entry System.

22. Write short note on :

- | | |
|--------------------------------|-----------------------------|
| (a) Stock and debtors system. | (c) Goods in transit. |
| (b) Branch adjustment account. | (d) Inter branch transfers. |

23. Distinguish Between Hire purchase and Installment system.

24. Following are the extracts from the trial balance of Mr. Krishanan as on 31.03.2018 :

Particulars	Debit Amount	Credit Amount
Sundry Debtors	55,000	
Bad debts	1,500	
Provision for bad debts		2,000

Turn over

Additional information :

- (a) Write off further bad debts Rs. 700.
- (b) Create a provision of 5% for bad debts and a provision of 2% discount on debtors.

Find out the amount of bad debts to be shown on the P and L A/c and the amount of debtors to be shown on the Balance Sheet.

25. Membership subscription received by Royal Sports club during the year 2018 amounted to Rs. 6,350, which is included Rs. 550 received in arrears for the year 2017 and Rs. 900 received in advance for 2019. It is found that Rs. 1,000 has not been received as subscription for the current year and that Rs. 600 was received in advance in 2017 as subscription for 2018. Calculate the income from subscription for the year 2018.
26. The capital of a trader as on 1st January 2018 was 25500. His capital at the end of the year on 31st December 2018, before taking into account the following adjustments was Rs. 42,000. The adjustments were :
 - (a) Additional capital introduced on June 30, 2018 Rs. 12,000.
 - (b) Drawings during the period Rs. 4,500.
 - (c) Depreciation of fixed assets Rs. 1,800.

You are required to ascertain his profit or loss for the year ending December 31st, 2018.

27. From the following details prepare Trading and Profit and Loss Account for the year ended 31st March 2019 :

Stock on 1 st April 2018	...	14,600	Rent paid	...	1,200
Plant and Machinery	...	9,500	Rates paid	...	2,000
Purchases	...	1,03,620	Apprentice premium received	...	800
Sales	...	1,19,060	Bad debts	...	1,720
Purchases returns	...	2,910	Debtors	...	42,000
Sales returns	...	2,100	Bad debts reserve	...	1,050
General expenses	...	4,400			

Additional information :

- (i) Depreciate Plant and Machinery at 10%.
- (ii) Increase bad debts reserve to 5% on Sundry debtors.

- (iii) Rent accrued is Rs. 400.
 (iv) Rates of Rs. 800 are paid in advance.
 (v) Stock on hand as on 31st March 2019 17,000.
 (vi) Apprentice premium received in advance is Rs. 200.

28. MGK and Co. of Delhi have a branch at Chennai. Goods are sent by the Head Office at invoice price which is at the profit of 25% on cost price. All expenses of the branch are paid by the head office. From the following particulars, prepare Branch Account in the Head Office books at invoice price.

Opening balance :

Stock at invoice price	...	1,10,000
Debtors	...	17,000
Petty Cash	...	1,000
Goods sent to branch at invoice price	...	2,00,000

Expenses made by head office :

Rent	...	6,000
Wages	...	2,000
Salary	...	9,000

Remittances made to head office :

Cash sales	...	26,500
Cash collected from debtors	...	2,10,000
Goods returned by branch at invoice price	...	4,000

Balances at the end :

Stock at invoice price	...	1,30,000
Debtors	...	20,000
Petty cash	...	250

(6 × 4 = 24 marks)

Turn over

29. Mr. Dharma purchased 2 machines of Rs. 1,05,000 each from Mr. Sharma on Hire Purchase system paying Rs. 60,000 down and remainder in 3 equal installments of Rs. 50,000 each together with interest at 20% p.a. Dharma writes off depreciation at 10% p.a. according to Diminishing Balance method.

Dharma could not pay the second installment. Sharma left one machine with Dharma adjusting the value of the other against amount due taking the machine at 20% depreciation on diminishing balance method. Prepare ledger accounts in the books of Mr. Dharma.

30. Kanpur Head Office supplies goods to its branch at Jamshedpur at invoice price which is cost plus 25%. All cash received by the branch is remitted to Kanpur and all branch expenses are paid by the Head Office. From the following particulars prepare Branch Stock account, Branch Debtors account, Branch Expenses account, Branch Adjustment account in the books of Head Office :

Debtors on 1.1.2018	...	6,000
Debtors on 31.12.2018	...	7,000
Inventory with the Branch at Invoice price on 1.1.2018	...	8,000
Inventory with the Branch at Invoice price on 31.12.2018	...	8,500
Cash sales during the year	...	30,000
Total amount deposited in the HO Account during the year	...	63,500
Return of goods to HO at invoice price	...	2,500
Salaries paid	...	3,000
Rent paid	...	2,000
Discount allowed to customers	...	1,000
Bad debts written-off	...	500
Spoilage	...	1,000

31. Following are the balances obtained from the ledger of Hotel Aaraam on 31st March 2018 :

<i>Particulars</i>	Amount Rs.	<i>Particulars</i>	Amount Rs.
Capital	3,00,000	Purchases :	
Freehold premises	2,00,000	- Liquors	30,000
China glass and Plates	20,000	- Cigarettes	2,000
Furniture and Fixtures	50,000	- Provision and Stores	20,000
Drawings	5,000	- Coal	10,000
Wages and Salaries	80,000	Sales :	
Rates and Insurance	25,000	- Food Items	80,000
Laundry Charges	8,000	- Beverages	20,000
Linen and Beddings	20,000	- Liquors	50,000
Electricity Light	13,000	- Cigarettes	3,000
General Expenses	12,000	Rent from rooms	2,00,000
Visitor's Account	10,000	Repairs and Renewals of Premises	20,000
Sundry Creditors	15,000	Depreciation :	
Stock on 1-04-2017		- on Premises	20,000
- Liquors	40,000	- on Furniture	5,000
- Cigarettes	1,000	- on Glass and Plates	2,000
- Provision and Stores	8,000	- Linen and Beddings	3,000
- Coal	2,000	Cash in Hand	10,000
Cash at Bank	52,000		

Adjustments :

(a) Stock on 31-03-2018

- Liquors	...	15,000
- Cigarettes	...	500
- Provision and Stores	...	10,000
- Coal	...	3,000

Turn over

- (b) A sum of Rs. 10,000 representing accommodation and Rs. 8,000 representing meals is to be charged to the proprietor.
- (c) Insurance paid in advance Rs. 1,000.
- (d) Outstanding salaries Rs, 5,000.

From the above, prepare final accounts of the Hotel for the year ended 31st March 2018.

(2 × 15 = 30 marks)

Particulars	Rs.	Rs.
Capital	1,00,000	
Profit/loss	2,00,000	
Particulars	Rs.	Rs.
Salaries	80,000	
Wages	25,000	
Travel and Transport	8,000	
Laundry Charges	30,000	
Fuel and Lighting	13,000	
Electricity Light	12,000	
General Expenses	10,000	
Value added	15,000	
Sundry Expenses	40,000	
Stock at 31/3/2018	1,000	
Depreciation	8,000	
Provision for Sundry Expenses	2,000	
Cost of Sales	62,000	