

C 81701

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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

(2016 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part A

Answer all questions.

Each question carries 1 mark.

(A) Choose the correct answer :

1 Accounting standards for Investment Property is given in :

- | | |
|----------------|----------------|
| (a) Ind AS 36. | (b) Ind AS 19. |
| (c) Ind AS 40. | (d) Ind AS 12. |

2 Dividends are usually paid on :

- | | |
|-------------------------|----------------------|
| (a) Authorized capital. | (b) Issued capital. |
| (c) Called up capital. | (d) Paid up capital. |

3 The economic factors causing depreciation :

- | | |
|--------------------|----------------------------------|
| (a) Time factor. | (b) Obsolescence and inadequacy. |
| (c) Wear and tear. | (d) Money valuation. |

4 As per SEBI guidelines minimum application money shall not be less than :

- | | |
|-------------------------|-------------------------|
| (a) 25% of issue price. | (b) 6% of issue price. |
| (c) 20% of issue price. | (d) 15% of issue price. |

5 Profit earned through the normal operations and activities of business is :

- | | |
|----------------------|-----------------------|
| (a) Business profit. | (b) Normal profit. |
| (c) Trading profit. | (d) Operating profit. |

(B) Fill in the blanks :

6 In the case of Annuity Method, the amount of depreciation _____ every year.

7 For non-trading concern honorarium is _____.

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- 8 Goods sent as free sample is debited to _____ account.
- 9 Cash flow statements are prepared as per _____ Accounting Standard.
- 10 Debenture and shares are shown in the balance sheet at _____ value.

(10 × 1 = 10 marks)

Part B (Short Answer Questions)

Answer any **eight** questions.

Each question carries 2 marks.

- 11 What is IFRS convergence ?
- 12 State the principle of presentation.
- 13 Give the objective of Ind As 38.
- 14 Explain qualifying assets.
- 15 What are non-profit organizations ?
- 16 Explain depletion method of depreciation.
- 17 What is surrender of shares ?
- 18 What do you mean by bearer debenture ?
- 19 What is diluted EPS ?
- 20 What are prior period errors ?

(8 × 2 = 16 marks)

Part C (Short Essay Questions)

Answer any **six** questions.

Each question carries 4 marks.

- 21 State the advantages of accounting standards.
- 22 Discuss the financial reporting process.
- 23 Describe the scope and objective of Ind AS 12.
- 24 Write a short note on statement of changes in equity.
- 25 On 1st January, 2010, a limited company purchased machinery for Rs. 12,000 and on 30th June 2011 it acquired additional machinery at a cost of Rs. 2,000. On 31st March, 2012 one of the original machines which had cost of Rs. 500 was found to have become obsolete and was sold as scrap for Rs. 50. It was replaced on that date by a new machine costing Rs. 800. Depreciation to be provided at the rate of 15 percent per annum on the written down value. Show machinery account for the first three years.

- 26 From the following, prepare an Income and Expenditure account for the year ending 31st March 2018 :

	Rs.		Rs.
To Balance :-			
Cash at Bank 45,500		By Salaries	3,60,000
Cash in hand 5,500	51,000	“ Rent	60,000
2018 March 31 st		“ Printing and Stationery	14,500
To Subscription (including		“ Postage and Telegrams	2,500
Rs.20,000 for 2018-2019)	3,00,000	“ Purchase of Bicycle	9,500
To Interest on investments	1,50,000	“ Purchase of Govt. Bonds	68,000
To Bank interest	1,000	“ Balance :	
To sale proceeds of car	25,000	Cash in Office	1,200
		Cash in Bank	11,300
	5,27,000		5,27,000

- 27 Mr. X the owner of a coffee shop maintains incomplete records of his business. He wants to know the result of the business in 31st Dec. 2018 and for that following information are available :

	1st Jan. 2018	31st Dec. 2018
Cash in hand	3,000	3,500
Bank balance	15,000	16,000
Furniture	2,000	2,000
Stock	10,000	13,000
Creditors	7,000	8,000
Debtors	5,000	6,000

During the year he had withdrawn Rs. 10,000 for his personal use and invested Rs. 5,000 as additional capitals. Calculate his profit on 31st December 2018.

- 28 XYZ Company Ltd. took over assets of Rs. 2,30,000 and liabilities of Rs. 30,000 of PQR Company Ltd. for the purchase consideration of Rs. 2,20,000. The XYZ Company Ltd. paid the purchase consideration issuing debentures of Rs. 100 each at 10% premium. Show the journal entries in the books of the XYZ Company Ltd.

(6 × 4 = 24 marks)

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Part D (Essay Questions)*Answer any two questions.**Each question carries 15 marks.*

29. On 31st March 2018 the following trail balance was extracted from the books of Chennai traders :

	Dr.	Cr.
Capital		90,000
Plant and machinery	80,000	
Sales		4,07,000
Purchases	2,60,000	
Returns	6,000	5,750
Opening stock	30,000	
Discount	350	800
Bank charges	75	
Sundry debtors	45,000	
Sundry creditors		25,000
Salaries	26,800	
Manufacturing wages	40,000	
Carriage inwards	750	
Carriage outwards	1,200	
Bad debts provision		525
Rent, rates and taxes	10,000	
Advertisement	2,000	
Cash in hand	900	
Cash at bank	6,000	
Furniture and fittings	20,000	
	5,29,075	5,29,075

Prepare the final accounts for the year ended 31st March, 2018 and balance sheet on that date. The following adjustments are required :

1. Closing stock Rs. 35,000.
2. Depreciation on plant and machinery @ 15% p.a and furniture and fitting @ 10% p.a provided.

3. Bad debts provision to be adjusted to Rs. 500.
4. Interest on capital to allowed at 10% p.a.
5. 15 % of the profits remaining after providing interest on capital is to be carried to General Reserve.

30. From the following particulars, prepare Statement of Profit and Loss Account for the year ending March 2018, as per the revised Schedule VI of the companies act 2013 :

<i>Balances</i>	Rs.	Rs.
Plant and Machinery	1,60,000	
Land	6,74,000	
Depreciation on Plant and Machinery	16,000	
Purchases (Adjusted)	4,00,000	
Closing stock	1,50,000	
Wages	1,20,000	
Sales (Net)		10,00,000
Salaries	80,000	
Bank overdraft		2,00,000
10% debentures (issued on 1st April, 2017)		1,00,000
Equity share capital- shares of Rs. 100 each (fully paid)		2,00,000
Preference share capital- 1,000; 6% shares of Rs. 100 each (fully paid)		1,00,000
	16,00,000	16,00,000

Additional information :

- (i) Equity dividend @ 10% declared on paid up capital.
 - (ii) Dividend on the preference share capital paid in full.
 - (iii) Rs. 2,00,000 transferred to general reserve.
31. ABC Limited issued a prospectus inviting applications for 6,000 shares of Rs. 10 each at a premium of Rs. 2 per share, payable as follows :

On application Rs. 2 per share; On allotment Rs. 5 per share (including premium) : On 1st call Rs. 3 per share; On Second and Final Call Rs. 2 per share.

Applications were received for 9,000 shares and allotment was made prorata to the applicants of 7,500 shares, the remaining applicants were refused allotment. Money overpaid on applications were applied towards sums due on allotment.

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D to whom 100 shares were allotted, failed to pay the allotment money and on his subsequent failure to pay the first call, his shares were forfeited. Z, the holder of 200 shares, failed to pay both the calls, and his shares were forfeited after the second and final call. Of the shares forfeited 200 shares were sold to C credited as fully paid up for Rs. 8.50 per share, the whole of D's shares being included.

(2 × 15 = 30 marks)

Particulars	Rs.	Rs.
Plant and Machinery	1,00,000	
Land	6,44,000	
Depreciation on Plant and Machinery	18,000	
Business (adjusted)	4,00,000	
Closing stock	2,50,000	
Wages	1,20,000	
Salaries	80,000	
Bank overdraft	3,00,000	
10% debentures (issued on 1st April 2017)	1,00,000	
10% share capital (shares of Rs. 100 each fully paid)	2,00,000	
10% share capital (1,000 shares of Rs. 100 each fully paid)	1,00,000	
Reserve	18,00,000	
		18,00,000

Additional information:

(i) Equity dividend @ 10% declared on 31st Dec 2017.

(ii) Dividend on the preference shares (amount in full).

(iii) Rs. 2,00,000 transferred to general reserve.

ABC Limited issued a prospectus inviting applications for 8,000 shares of Rs. 10 each at a premium of Rs. 2 per share, payable as follows:

On application Rs. 1 per share. On allotment for first share Rs. 1 per share. On first call Rs. 2 per share. On second and final call Rs. 1 per share.

Applications were invited for 8,000 shares and allotment was made pro rata. The applications for 7,500 shares, the remaining applications were refused. Allotment money was paid on the applications which applied towards the shares.

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