

C 21704

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Name.....

Reg. No.....

**SECOND SEMESTER (CUCBCSS—UG) DEGREE EXAMINATION
APRIL 2022**

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 Impairment of Assets is given in :

- (a) Ind AS 36. (b) Ind AS 19.
(c) Ind AS 46. (d) Ind AS 12.

2 The receipts and payments account of a non-profit organization is a _____ account.

- (a) Nominal account. (b) Real account.
(c) Income statement account. (d) Personal account.

3 Cash flow statements is based on :

- (a) Cash basis. (b) Accrual basis.
(c) Both cash and accrual basis. (d) None of these.

4 Dividends can be paid only out of :

- (a) Free reserve. (b) Capital redemption reserve account.
(c) Securities premium account. (d) Reserve capital.

5 Goods distributed among customers free of cost is a part of _____ expense.

- (a) Revenue. (b) Advertisement.
(c) Capital. (d) Business.

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(B) Fill in the blanks :

- 6 Principles revenue producing activity of an undertaking is called _____ activity.
- 7 Interest on capital is _____ for the business.
- 8 Events that arises after the financial statements are published are called _____.
- 9 The minimum share application money is _____.
- 10 _____ liability is a liability which may or may not arise in future.

(10 × 1 = 10 marks)

Part B (Short Answer Questions)

*Answer any **eight** questions.
Each question carries 2 marks.*

- 11 What is FASB ?
- 12 Explain the revenue recognition principle under IFRS.
- 13 What is cash equivalents ?
- 14 What is fair value ?
- 15 What is capital fund ?
- 16 State the meaning of 'statement of affairs'.
- 17 What is final dividend ?
- 18 What do you mean by registered debenture ?
- 19 What is divisible profit ?
- 20 What is event after reporting period ?

(8 × 2 = 16 marks)

Part C (Short Essay Questions)

*Answer any **six** questions.
Each question carries 4 marks.*

- 21 Discuss the benefits of IFRS convergence in India.
- 22 Explain the objectives and uses of financial statement.
- 23 Discuss the types of employees benefits under Ind AS 19.

- 24 When an entity can change an accounting policy ?
- 25 On 1st April, 2015, Jasmeet Ltd. purchased a machine for Rs. 12,00,000. On 1st October, 2017, apart of machine purchased on 1st April, 2015 for Rs. 80,000 was sold for Rs. 45,000 and a new machine was purchased for Rs. 1,58,000 on the same date. Company provides depreciation @ 10 % p.a. on written down value method. Prepare necessary ledger accounts.
- 26 A keeps his books under incomplete system. His position on 31st January 2016 was as follows :

Cash in hand Rs. 5,500, Cash at bank Rs. 1,000, Stock-in-trade Rs. 7,000, sundry debtors Rs. 8,400, Machinery Rs. 6,500, Bills Receivables Rs. 2,600, Sundry creditors Rs. 2,500 Bills payable Rs. 4,000.

On 31st December 2016, his position was as follows :

Cash in hand Rs. 4,300 cash in Bank Rs. 1,700, stock in trade Rs. 9,000, Sundry debtors Rs. 6,000, Machinery Rs. 6,500 Bills receivables Rs. 3,200, Bills payable Rs. 3,200 and Sundry creditors Rs. 1,600. During the year 2013 Mr. A withdrew Rs. 800 per month for personal purposes and introduced ₹ 2,000 for additional capital . Calculate profit or loss of the trader and also prepare his Final statement of Affairs after considering the following :

- (a) Depreciate machinery 5 % ; and
- (b) Create reserve for bad and doubtful debts 5 %.
- 27 ABC Ltd. forfeited 150 shares of Rs. 20 each, issued at a discount of Rs. 2 per share, for non-payment of final call or Rs. 6 per share. Subsequently 100 of these shares were re-issued as fully paid at Rs. 15 per share. Show the journal entries relating to the forfeiture and reissue.
- 28 From the following information, calculate Basic EPS and diluted EPS.

MM Ltd had outstanding equity shares of 50,00,000 on 1.1.2015. Net Profit for the year is Rs. 1,00,00,000 and company had 12 % 1,00,000 convertible debenture outstanding of Rs. 100 each to converted into Rs. 10 equity shares. Tax rate is 30 %.

(6 × 4 = 24 marks)

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Part D (Essay Questions)

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

29. Following is the Trial Balance of KM Traders as at 31st March, 2018. Prepare a Trading and P and L A/c and a Balance Sheet :

Trial Balance

<i>Particulars</i>	<i>Dr. (Rs.)</i>	<i>Cr. (Rs.)</i>
Opening Stock	16,000	
Capital		45,000
Salaries	13,000	
Drawings	4,000	
Carriage Inwards	500	
Carriage Outwards	1,000	
Sales Return	1,000	
Purchase Return		700
Loan to Mr. X	11,000	
Loan from Mr. Y		7,000
Rent	1,300	
Rent Outstanding		200
Purchase	40,000	
Sales		73,400
Debtors	25,000	
Creditors		8,000
Bad Debt	800	
Reserve for Bad Debt		1,200
Discount	600	
Furniture	11,700	
Wages	500	

<i>Particulars</i>	Dr. (Rs.)	Cr. (Rs.)
Insurance Premium	1,200	
Rent by Sub-letting		800
Cash	700	
Bank	8,000	
Total	1,36,300	1,36,300

Adjustments :

1. Closing Stock Rs. 10,500, but the market value of closing stock was Rs. 9,500.
2. Insurance premium prepaid Rs. 200.
3. Loan to Mr. X, given at 10 % interest p.a. and loan taken from Mr. Y carries 9 % interest p.a.
4. Depreciation is to be provided at 5 % on furniture.
5. Goods worth Rs. 500 have been taken by the proprietor for private use.
6. Bad and doubtful debts are to be provided at 10 %.

30 The Receipts and Payments Account of Navkar Football Club for the year ended 31st March, 2018 was as under :

Receipts	Rs.	Payments	Rs.
To Balance b/d (1.4.2017)	48,000	By Purchase of balls	80,000
Subscription received	2,46,000	Tournament fees	10,000
Interest	2,000	Affiliation fees	2,000
Sale of furniture	10,000	Rent of playground	5,000
Donation for club building	60,000	Refreshment expenses	4,000
		Travelling expenses	30,000
		Investments purchase at face value	1,00,000
		Salary	12,000
		Miscellaneous expenses	8,000
		Balance c/d	1,15,000
	3,66,000		3,66,000

Turn over

Prepare Club's Income and Expenditure Account for the year ended 31st March, 2018, and Balance Sheet as on that date after taking the following information :

- a) The subscription received include Rs. 10,000, outstanding subscription of the year 2016-17. Subscription for the year 2017-2018 amounting to Rs. 16,000 is still outstanding from members. Some members have paid subscriptions for the year 2018-19 amounting to Rs. 8,000 which is included in the subscriptions received.
- b) Interest accrued but not received Rs. 500.
- c) The book value of the furniture sold was Rs. 14,000.
- d) The rent of playground Rs. 6,000 and salary Rs. 5,000 of the year 2017-18 are still outstanding and rent of playground of the year 2016-17 Rs. 1,000 has been paid during this year.
- e) There is stock of balls with the club valued at Rs. 4,000 as on 31st March 2018.

31 From the given particulars of Shine and Bright Co. Ltd. as at March 31, 2018, prepare Balance Sheet in accordance to the (revised) Schedule VI of the Companies act 2013 :

<i>Particulars</i>	<i>Amount Rs.</i>	<i>Particulars</i>	<i>Amount Rs.</i>
Preliminary expenses	2,40,000	Goodwill	30,000
Discount on Issue of shares	20,000	Loose Tools	12,000
10 % Debentures	2,00,000	Motor vehicles	4,75,000
Stock in trade	1,40,000	Provision for tax	16,000
Cash at bank	1,35,000		
Bills receivables	1,20,000		

(2 × 15 = 30 marks)