



**COMMERCE
FACTORY**

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Name.....

Reg. No.....

**SECOND SEMESTER B.Com. DEGREE (PVT/SDE) EXAMINATION,
APRIL/MAY 2013**

(CCSS)

BC11 B02—FINANCIAL ACCOUNTING

	Time	Weightage
Part I Descriptive Questions	2.45 Hours	27
Part II Multiple Choice Questions	0.15 Hour	3
Maximum	3 Hours	30 Weightage

Part I

Section A

Answer all questions.

Each question carries a weightage of 1.

1. What is meant by Money Measurement Concept ?
2. Define Revenue expenditure.
3. What is a non-trading concern ?
4. How will you find out profit or loss under pure single entry system ?
5. What is the purpose of preparing Trading Account ?
6. What is the use of Statement of Affairs in single-entry system ?
7. What are the features of an Independent Branch ?
8. Give journal entry for inter-departmental transfer at cost price.
9. Define Instalment system.

(9 × 1 = 9 weightage)

Section B

Answer any five questions.

Each question carries a weightage of 2.

10. State any four differences between Receipts and Payment Account and income and Expenditure Account.
11. State the steps for converting single-entry to double entry.

Turn over

12. Give the journal entries for incorporating Branch trial balance in the Head Office Books.
13. Goods are invoiced to the newly opened branch by the Head Office at Rs. 9,200, so as to give 25% profit on cost. From the following particulars prepare Branch Profit and Loss Account in the books of Head Office :
- Sales by branch—Rs. 8,460
 - Goods returned to H.O. Rs. 200
 - Cash remitted by branch Rs. 8,060
 - Stock at the end (at invoice price) Rs. 600
 - Expenses paid by H.O. Rs. 200
 - Furniture purchased by H.O. for Branch Rs. 800
 - (Write off depreciation at 10 %).
14. Give journal entries for the following in the books of Head Office which keeps accounts under stock and debtor system :
- (a) Goods sent to branch at invoice price.
 - (b) Cash Sales (at invoice price) remitted to Head Office.
 - (c) Credit Sales (at Invoice price).
 - (d) Expenses paid by Head Office.
15. A Bicycle, Cash price of which is Rs. 1,800 is sold on hire-purchase system for Rs. 2,000 payable in four quarterly instalments of Rs. 500 each. The first payment is made at the end of first quarter. Show how interest is calculated and the interest amount in each quarter.
16. Mr. Mohan tells you that his capital on 31st December 2011 is Rs. 18,700 and his capital on 1st January was Rs. 19,200. He further tells you that during the year, he gave a loan of Rs. 3,500 to his brother on private account and withdrew Rs. 300 per month for personal purpose. He also used a flat for his personal purpose, the rent of which at the rate of Rs. 110 per month were paid by the business. He once sold his 8 % Govt. Bond of Rs. 2,000 and brought that money into the business. Besides there is no other information.
- Prepare a Statement of Profit and ascertain the profit earned by Mr. Mohan during the year 2011.
- (5 × 2 = 10 weightage)

Section C

Answer any two questions.

Each question carries a weightage of 4.

17. The Lampy Limited sold a motor cycle on instalment system to Suraj Traders. The cash price was Rs. 7,450, Rs. 2,000 was to be paid on delivery and the balance in three instalments of Rs. 2,000 each at the end of each year. The Lampy Ltd. charge interest the rate of 5 % per annum. Write up journal entries in the books of the buyer. Show Lampy Ltd. Account in the books of buyer. Also show computation of interest.

A Hotel proprietor had two departments, viz. A the Apartment department and B the Meals department. Following is the Trial balance of his business :

	Dr. Rs.	Cr. Rs.
Income from apartment	...	46,000
Income from meals	...	32,000
Provisions	15,500	
Stock of provisions at the beginning	1,020	
Cash in hand and at bank	10,000	
Capital		2,20,000
Customer Debit Balance	800	
Suppliers Account		9,800
Building (1/10 used for meals dept.)	2,10,000	
Provision for Depreciation on Building		24,000
Furniture	60,000	
General expenses	27,410	
Interest		1,130
Interest accrued	200	
Income tax	400	
Life Insurance Premium	1,600	
Wages	6,000	
Total	<u>3,32,930</u>	<u>3,32,930</u>

Additional information :

- (i) The servants in the Apartment dept. had occupied a room worth Rs. 120 and took meals worth Rs. 60. Similarly servants in the Meals department had occupied room worth Rs. 150 and took meals worth Rs. 90.
- (ii) Wages charged in the proportion of $\frac{1}{2}$ to the Apartment department, $\frac{1}{4}$ th to the provisions Dept. and the remaining to the general P & L Account.
- (iii) Increase provision for depreciation on building to Rs. 30,000.
- (iv) A sum of Rs. 800 representing accommodation Rs. 240, and meals Rs. 560 to be charged to proprietor of the hotel.

Prepare final accounts for the year ending 31st March 2012.

19. From the following Trial Balance of Baba Traders, prepare Final accounts and Balance Sheet

TRIAL BALANCE AS ON 31ST DECEMBER 2011.

	Rs.		Rs.
Stock at the end	... 19,270	Dividend on investment	... 500
Machinery	... 19,720	Gross profit	... 94,453
Investments	... 10,000	Provision for Doubtful debts	... 2,000
Salaries	... 15,965	Bank loan	... 9,500
Furniture	... 9,840	Creditors	... 54,160
Carriage outwards	... 2,150	Capital	... 80,000
Premises	... 25,000		
Goodwill	... 30,000		
Insurance	... 4,175		
Trade expenses	... 8,142		
Debtors	... 78,140		
Establishment expenses	... 2,473		
Horses and carriage	... 5,165		
Discounts	... 928		
Bad debts	... 1,485		
Bank charges	... 475		
Cash at bank	... 7,685		
	<u>2,40,613</u>		<u>2,40,613</u>

- Depreciate Machinery by 10 %, Furniture by 5 %, Horses and carriage by Rs. 1,000.
- 5 % Debtors is to be provided for doubtful debts.
- Bank loan interest at 6 % per annum is to be provided for full year.

(2 × 4 = 8 weightage)

Part II

Multiple Choice Questions

Time : 15 Minutes

Maximum : 3 Weightage

1. Imprest system is used in :

- | | |
|------------------------------|-----------------------------|
| (a) Petty cash book. | (b) Simple cash book. |
| (c) Double column cash book. | (d) Three column cash book. |

2. Journal entries passed to correct the errors are called :

- | | |
|----------------------|-----------------------|
| (a) Closing entry. | (b) Opening entries. |
| (c) Adjusting entry. | (d) Rectifying entry. |

3. A suspense account is created when the _____ of the trial balance does not agree.
- (a) Debit side. (b) Credit side.
(c) Asset side. (d) Balance.
4. All _____ expenses are recorded in the trading account.
- (a) Indirect. (b) Direct.
(c) Direct and indirect. (d) None of these.
5. The properties and possession of a business are termed as _____.
- (a) Asset. (b) Capital.
(c) Liabilities. (d) None of these.
6. Income and expenditure account is a type of _____.
- (a) Balance Sheet. (b) Receipts and payment.
(c) Profit and Loss Account. (d) None of these.
7. Errors cancelled by themselves are called :
- (a) Compensating errors. (b) Errors of principle.
(c) Errors of omission. (d) Errors of commission.
8. The balance of trading account is called :
- (a) Balance carried down. (b) Net profit.
(c) Gross profit. (d) Suspense account.
9. Which error does not affect the trial balance :
- (a) Errors of omission. (b) Errors of amount in original book.
(c) Compensating error. (d) Error of principle.
10. An error which violates the fundamentals of book-keeping is called :
- (a) Errors of omission. (b) Errors of amount in original book.
(c) Compensating error. (d) Error of principle.
11. Three column cashbook contains :
- (a) Cash, credit, bank. (b) Cash, discount, bank.
(c) Cash, petty cash, expenses. (d) Cash, bank, income.
12. The account to which the difference in the trial balance is temporarily placed, so that the trial balance is made totally, such an account is called :
- (a) Customers account. (b) Suspense account.
(c) Bank account. (d) Capital account.

13. Net profit/loss is transferred to the _____ account.
- (a) Asset account. (b) Liabilities account.
(c) Capital account. (d) None of these.
14. Prepaid expenses appearing in trial balance will appear in _____.
- (a) Profit and Loss Account debit side.
(b) Profit and Loss Account credit side.
(c) Balance Sheet asset side.
(d) Balance Sheet liability side.
15. Small payments are entered in :
- (a) Simple cash book. (b) Petty cash book.
(c) Double column cash book. (d) Three column cash book.
16. Rs. 280 received from Roy is credited to his account as Rs. 208, this error is called :
- (a) Compensating errors. (b) Errors of principle.
(c) Errors of omission. (d) Errors of commission.
17. _____ expenses are shown in the profit and loss account.
- (a) Indirect. (b) Direct.
(c) Direct and Indirect. (d) None of these.
18. The amount of money owned by a business to outsider is called _____.
- (a) Capital. (b) Asset.
(c) Liabilities. (d) None of these.
19. Sale of grass in the case of a sports club is :
- (a) An asset. (b) Revenue receipt.
(c) Capital receipt. (d) Income.
20. Double entry system was propounded by :
- (a) Chanakya. (b) Lee.
(c) Confucius. (d) Luca Pacioli.