

## SECOND SEMESTER B.Com./B.B.A. DEGREE EXAMINATION, MARCH 2012



(CCSS)

Core Course

**COMMERCE FACTORY**  $\frac{BC2 B02}{BB2 B02}$  FINANCIAL ACCOUNTING

Time : Three Hours

Maximum : 30 Weightage

## Part A

*This part consists of three bunches of questions carrying equal weightage of 1.*

*Each bunch consist of 4 questions.*

*Answer all questions.*

## I. Choose the correct alternatives :

1 The properties owned by a business enterprise are called :

- (a) Assets. (b) Liabilities.  
(c) Capital. (d) Owner's equity.

2 Debit may signify :

- (a) An increase in an asset account. (b) An decrease in an asset account.  
(c) An increase in a liability account. (d) An increase in capital stock account.

3 Dual aspect principle results in the accounting equation :

- (a) Capital + Liabilities = Assets. (b) Revenue = Expenses.  
(c) Capital + Profit = Assets + Expenses. (d) None of the above.

4 The determination of the expenses for an accounting period is based largely on the application of which principle :

- (a) Cost. (b) Consistency.  
(c) Matching. (d) Time period.

(4 × ¼ = 1 weightage)

## II. State True or False :

5 Closing stock given in Trial Balance is to be credited to trading account.

6 Provision for doubtful debts represents the amount uncollectible.

Choose one alternative from the bracket and fill in the blanks :

7 Capital is shown under liabilities because of ————. (Entity concept/Going Concern Concept).

8 Excess of credit over debit in the profit and loss account indicates ————. (Net Profit/Loss).

(4 × ¼ = 1 weightage)

## II. Match the items in Column A with Column B :

- |                          |                           |
|--------------------------|---------------------------|
| 9 Balance Sheet          | (a) Goodwill.             |
| 10 In tangible assets    | (b) Positional statement. |
| 11 Total debtors account | (c) Credit purchases.     |
| 12 Hire purchase         | (d) Repossession.         |
|                          | (e) Credit sale.          |

(4 × ¼ = 1 weightage)

Turn over

## Part B

Answer all questions in one or two sentences each.  
Each question carries a weightage of 1.

- 13 What do you mean by Marshalling of a Balance Sheet ?
- 14 Define Accounting standard.
- 15 What is accrued income ?
- 16 What is deferred Revenue Expenditure ?
- 17 What is matching concept ?
- 18 What is non-profit organisation ?
- 19 What do you mean by Adjusting Entries ?
- 20 What is single entry ?
- 21 What do you mean by money measurement concept ?

(9 × 1 = 9 weightage)

## Part C

Answer any five questions.  
Each question carries a weightage of 2.  
Answer not to exceed one page each.

- 22 Distinguish between Hire purchase and Instalment system.
- 23 Mr. X keeps his books under single-entry system. His assets and liabilities were as under :

	31st Dec. 2008	31st Dec. 2009
Cash ...	200	125
Sundry Drs. ...	1,900	2,300
Stock ...	2,000	1,750
Furniture ...	3,250	4,250
Sundry Crs. ...	800	690
Bills payable ...	—	300

During the year he introduced Rs. 1,000 as additional capital. He withdrew Rs. 150 every month for his domestic purposes. Calculate his profit.

- 24 From the following information given below find out the cash value of the goods :

	Rs.
Agreed Price ...	17,200
Terms of payment :	—
Down payment ...	3,000
I instalment ...	6,200
II instalment ...	4,700
III instalment ...	3,300

Interest charged on the outstanding cash value 10 %.

- 25 Ascertain credit purchases from the following :—

	Rs.
Creditors on opening date ...	7,200
Cash paid to creditors during the year ...	36,500
Cheques paid during the year ...	24,000

	Rs.
Discount allowed by creditors ...	2,500
Bills accepted during the year ...	12,500
Goods returned to creditors ...	3,200
Creditors on closing date ...	8,600

26 The following information and particulars related to New Delhi Branch for the year 2005-2006 :-

	31-3-05	31-3-06
	Rs.	Rs.
Stock ...	50,000	75,000
Debtors ...	70,000	95,000
Petty Cash ...	250	120

Goods costing Rs. 5,75,000 were sent by the Head Office. Total sales at Branch were 6,87,500 out of which Rs. 1,50,000 were cash sales and the rest were credit sales Rs. 5,12,500 were received from debtors and branch spent Rs. 30,000 for salaries, Rs. 12,000 for Rent and Rs. 8,000 for petty expenses. All expenses were remitted by H.O. show the New Delhi Branch account.

27 From the following information, calculate the stock in the beginning :-

Sales ...	Rs. 2,40,000
Percentage of Gross Profit ...	20 %
Purchases ...	Rs. 1,95,000
Closing stock ...	Rs. 30,000

28 From the following show the amount of subscription to be credited in the Income and Expenditure account of senior citizen's club :

Membership subscription received during the year Rs. 7,500. Subscription outstanding on opening date Rs. 800. Subscription outstanding on closing date Rs. 1,400. Subscription received in advance on opening date Rs. 200. Subscription received in advance on closing date Rs. 300.

(5 × 2 = 10 weightage)

#### Part D

Answer any two questions.

Each question carries a weightage of 4.

29 On 1st January 2010. Youngman started business with Rs. 5,000. The following were his cash transaction during the year 2004 :

#### Cash Book

	Rs.		Rs.
To Capital ...	5,000	By Wages ...	2,000
Sales ...	20,000	Purchases ...	14,000
Debtors ...	18,000	Creditors ...	12,000
Commission ...	200	Rent and Taxes ...	1,800
		Insurance ...	200
		Furniture ...	8,000
		Balance c/d ...	5,200
	<u>43,200</u>		<u>43,200</u>

On 31st December 2004 the trader had stock in trade Rs. 3,200, Debtors Rs. 2,800 and Creditors Rs. 2,700 Wages outstanding on 31st December 2004 amounted to Rs. 200 Depreciate at 10 % is required on furniture. Prepare Trading and Profit, Loss account and Balance Sheet.

Turn over

30 The following is the Trial Balance of Gupta as on 31st March 2005 :

	Dr. Rs.	Cr. Rs.	
Land and building ...	35,000	Capital ...	96,800
Goodwill ...	5,000	Sales ...	1,25,000
Opening stock ...	17,250	Pension bad debts ...	1,400
Purchases ...	82,750	Bad debts recovered ...	600
Wages and Salaries ...	6,500	Creditors ...	14,000
Coal and Power ...	3,500		
Machinery ...	25,000		
Freight ...	1,500		
Royalties ...	2,500		
Management expenses ...	14,500		
Bad Debts ...	4,800		
Drawings ...	6,000		
Debtors ...	31,000		
Cash ...	2,500		
	<u>2,37,800</u>		<u>2,37,800</u>

Adjustments :

Closing Stock—8,500

Write-off Rs. 1,000 as bad debts

Provide 5 % of debtors for bad

Royalty outstanding amounts to Rs. 500

Prepare Trading Profit and Loss Account and Balance Sheet as on that date.

31 Mr. Bose of Kollam has opened a Branch at Mumbai which sells goods for cash only. The following are the transactions between the Branch Office and the Head Office for the year ended December 2005 :

	Rs.
Opening stock on 1st January 2005 ...	1,00,000
Goods supplied to Branch ...	2,50,000
Cash sent to Branch for Rent ...	1,000
Cash sent to Branch for other expenses ...	500
Cash received from Branch during 2005 ...	3,00,000
Closing stock on 31st December 2005 ...	75,000
Petty Cash balance on 31st December 2005 ...	50

From the above, prepare Mumbai Branch account.

(2 × 4 = 8 weightage)