

C 82959



**COMMERCE
FACTORY**

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Name.....

Reg. No.....

SECOND SEMESTER B.Com. DEGREE EXAMINATION, MAY 2015

(CUCBCSS—UG)

Core Course

BC 2B 02—FINANCIAL ACCOUNTING

Time : Three Hours

Maximum : 80 Marks

Part A

*Answer all questions.
Each question carries 1 mark.*

I. Choose the correct answer.

- 1 Accounting standard 2 deals with :
 - (a) Cash flow statement.
 - (b) Valuation of inventories.
 - (c) Fund flow statement.
 - (d) Depreciation.
- 2 In sole traders balance sheet assets are arranged in the order of :
 - (a) Permanency.
 - (b) Liquidity.
 - (c) Single entry.
 - (d) Double account.
- 3 Accounts from incomplete records are often called as _____ system.
 - (a) Double entry.
 - (b) Single account.
 - (c) Single entry.
 - (d) Double account.
- 4 Income and expenditure account is :
 - (a) Nominal account.
 - (b) Real account.
 - (c) Personal account.
 - (d) Representative personal account.
- 5 Excess of opening capital over closing capital denotes :
 - (a) Profit.
 - (b) Loss.
 - (c) Additional capital..
 - (d) Lesser capital.

II. Fill in the blanks.

- 6 Gross profit is ascertained through _____ account.
- 7 Statement of affairs is prepared to find out _____.
- 8 _____ represents the excess of assets over liabilities.

- 9 _____ account is opened with a view to ascertain the gross profit of the branch
- 10 Overcast in closing stock is debited in _____ account

(10 × 1 = 10 marks)

Part B

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

- 11 What is capital receipt ?
- 12 Mention four limitations of incomplete records ✓
- 13 What is capital expenditure ?
- 14 What is income and expenditure account ?
- 15 What are dependent branches ?
- 16 What is net cash price ?
- 17 Mention any *two* purposes of trading account.
- 18 What is the main function of ASB ?
- 19 What is closing entries ?
- 20 Mention *two* differences between receipts and payment account and cash book.

(8 × 2 = 16 marks)

Part C

Short Essay Questions.
 Answer any **six** questions.
 Each question carries 4 marks.

- 21 What are the objectives of accounting standards ?
- 22 What is the purpose of profit and loss account ?
- 23 Distinguish between balance sheet and statement of affairs
- 24 On preparing the final accounts of a sole trader, bad debts account has a balance of Rs. 600 and a sundry debtor's account has a balance of Rs. 21,000 of which 1,000 to be written off as bad debts. Give adjusting entry for bad debts and also show how it would appear in profit and loss account and balance sheet.
- 25 If profit is 22,000 and rate of commission is 10 % on the profit. Calculate commission on profit before charging and after charging.

hand

26. Prepare total creditors account and find out credit purchase :

	Rs.
Creditors on opening date	... 7,200
Cash paid to creditors during the year	... 36,500
Cheques issued during the year	... 24,000
Discount allowed by creditors	... 2,500
Bills accepted during the year	... 12,500
Goods returns to creditors	... 3,200
Creditors on closing date	... 8,600

27. From the following information prepare receipts and payment account for the year ended 31.12.2004 :

	Rs.
Cash in hand on 1.1.2004	... 500
Cash at bank on 1.1.2004	... 3,500
Subscription received during the year 2004	... 12,000
Entrance fee received	... 3,000
Sale of old news papers	... 250
Locker rent received	... 950
Rent paid	... 2,600
Salary paid	... 2,800
Printing and stationary bought	... 300
Furniture purchased	... 4,500
Cash in hand on 31.12.2004	... 1,300

28. Explain the objectives of Branches.

(6 × 4 = 24 marks)

Turn over

Part D

Essay Questions.

Answer any two questions.

Each question carries 15 marks.

29. The following is the Receipts and Payments Account of the Rose Nagar Association for the year ended 31st March 2005.

RECEIPTS AND PAYMENTS ACCOUNT

Receipts	Amt.	Payments	Amt.
To Balance b/d	1,400	By telephone charges	1600
" Subscription		" Postage and printing	375
" 2003-04 400		" Salaries and wages	1325
" 004-05 3000		" Newspaper and periodicals	300
" 2005-06 200	3,600	" Miscellaneous expenses	1150
" hall rent	1,500	" Balance c/d	
" entrance fees	1200	Cash in hand	650
(1/3 to be capitalized)		Cash at bank	2300
	7,700		7,700

Additional information :

- Salaries and wages outstanding Rs. 450, the figure on 1st April 2004 being Rs. 270.
- Miscellaneous expenses outstanding on 31st March 2005 amounts to Rs. 720 and paid in advance on 1.4.2004 amounted to Rs. 110
- Subscription outstanding on 1.4.2004 were Rs. 600, subscription outstanding for the current year amounts to Rs. 900 as on 31st march 2005
- On 1st April 2004, there was furniture with a book value of Rs. 5,000 and is subject to a depreciation of 10 %. Prepare income and expenditure account for the year ended 31.3.2005 and a balance sheet as on that date.

30. Arun keeps his books on Single Entry system. He gives you the following information :—

	31 st December 2002	31 st December 2003
Furniture	5,000	6,000
Stock of materials	3,000	1,000
Sundry debtors	6,000	7,000
Sundry creditors	2,000	nil
Prepaid expenses	nil	200
Unpaid expenses	600	1,000
Cash in hand	1,100	300

Receipts and payments during the year : receipts from debtors Rs. 21,000, paid to creditors 10,000, cartage Rs. 2000, drawings Rs. 12,000, sundry expenses Rs. 16,000, furniture purchased for cash Rs. 1,000.

Prepared the trading and profit and loss account for the year ended 31st December 2003 and a balance sheet after providing for bad debts at 10 %. there was a considerable amount of cash sales.

31. From the following Trial Balance of Vivek as on 31st March 2006 prepare trading, profit and loss account and Balance Sheet

	Dr. Amt.	Cr. Amt.
Purchases	2,20,000	
Stock as on 31 st March 2006	30,000	
Goods sent as gratis	3,000	
Freight and duty	12,000	
Sales		3,30,000
Debtors and creditors	32,000	20,000
Drawings	8,000	
Interest on capital	2,000	
Advertisement	5,000	
Goodwill	10,000	
Travelling expense	300	
Bank overdraft		3,250
Horses and cart	2,600	
Bills receivable and payable	1,200	2,100
Depreciation on furniture	150	
Interest on overdraft	200	
Furniture	5,500	
Office expenses	1,500	
Plant and machinery	61,900	
Capital		40,000
		Turn over

Additional information :—

- 1 The closing stock is found undervalued by Rs. 2,000.
- 2 Goods sent as gratis to be recorded amount to Rs. 500.
- 3 Bad debts to be written off amounts to Rs. 2,000 and a provision of 5 % is required for doubtful debts.
- 4 Closing stock includes goods of the cost of Rs. 3,000 bought on 29th march 2006, for which invoice is not received and hence not recorded in the day book.
- 5 10 % of the net profit be carried to general reserve.

(2 × 15 = 30 marks)